Daily Report

Latin America

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FBIS-LAT-95-104 *31 May 1995*

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SELA Official on Guidelines for Economic Adaptation

FL3105010695 Bridgetown CANA in English 2205 GMT 30 May 95

[By Linda Hutchinson]

[FBIS Transcribed Text] Port of Spain, Trinidad, May 30, Cana — The Caracas-based Latin American Economic System (SELA) is facing a number of new challenges brought on by the consolidation and globalization of the world economy. The 20-year-old regional organisation encompasses 27 sovereign Latin American and Caribbean countries, with the purpose of coordinating joint positions and promoting cooperation among its members. SELA's Deputy Permanent Secretary, Trinidadian Luis Alberto Rodriguez, said the organisation has been adopting guidelines and courses of action consistent with the magnitude and significance of current transformations in the world economy to meet these challenges.

"In this respect, and in spite of pressing needs and limited resources, we are determined to do our part in attempts to achieve active participation that may influence the dynamics of these changes as regards the countries of the region," said Rodriguez, who is also fluent in Spanish. "At the same time, we also are aware that to meet this challenge, collective action is needed not only of governments, but of all the economic and social agents in the framework of their respective possibilities and competence."

Rodriguez, who last worked with the Andean Development Bank (CAF), said in this regard SELA held consultations with SELA member states, which allowed the implementation of a new work modality based on greater cooperation between the institution and business and university among others. Based on the consultations, the permanent secretariat began to develop a medium-term work programme for 1993-96 which is in the process of execution. The work programme grants priority to five areas aimed fundamentally at harmonising programmes and policies. The areas are external trade, development financing, technological development and industrialization, economic policies, and social equity and human- resource training.

"Additionally, SELA is currently carrying out a number of tasks aimed at supporting and collaborating with the various sub-regional cooperation and integration schemes," said Rodriguez, who also worked at the Inter-American Development Bank (IDB). "As regards the latter, we have established mechanisms for consultation and exchange with the respective integration secretariats, for the purpose of gradually attaining the convergence and linkage of these schemes and agreements." In the area of external trade, the organisation's actions have focussed on certain tasks, one of which is to contribute by implementing the Latin American and Caribbean foreign trade information and support system which is being carried out by ALADI, with SELA's support. The system, whose first stage began operating in 1994 for the 11 ALADI member states, consists of an ample data base which comprises among others, information services on trade policy systems, trade commitments made by country and by agreements signed within the region, as well as with countries outside the region, and list of products' supply-and-demand, among many others. The system also includes actions aimed at standardising statistics and harmonising tariff nomenclature while encouraging the participation of the business sector, mainly through associations and entities representing the sector.

"The basic idea is to remedy a problem which is present in all the trade information systems developed in the region," Rodriguez suggested. "The problem is simply that, until now, the private sector has been excluded." He explained the implementation of the system would also promote the much-needed linkage between the various integration processes by increasing participation of the business sector, and providing entrepreneurs with an opportunity to make use of the preferences stemming from trade commitments. The second stage of the system which will extend services to the remaining Latin American and Caribbean countries, is still being designed and implementation is scheduled to take place later this year.

"With the completion of the second stage, a significant step towards convergence of the various integration and trade agreements will have been accomplished," Rodriguez noted. In terms of international trade or trade with third countries, SELA is currently developing a number of activities aimed at informing business people and their organisations on specific aspects of the results of the Uraguay round multilateral trade negotiations, including trade liberalization and new multilateral rules.

"Rules of origin, technical standardisation, the consequences of the GATT, of the intellectual (property) agreement, among others, form part of this work which includes studies, follow-up activities, meetings, seminars, dissemination efforts and the development of technical assistance modalities with the various actors," said Rodriguez. In the area of development financing, SELA is developing several activities geared towards the formulation of specific initiatives for the mobilisation of international financial resources towards Latin America and the Caribbean. He referred to the recently-created permanent forum on financial aspects of regional inte-

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gration, established at the regional meeting of financial institutions and banking entities, organised last November by SELA. The objective of the forum, which groups the high-level representatives of the main financial and banking institutions in the region, is to facilitate the exchange of information on the tasks and actions carried out by the institutions, to support the actions linked to the various integration systems, and study new operating modalities for intra-regional trade and cooperation in the economic and social areas. SELA is also developing activities with regard to technological innovation and industrialisation.

In terms of economic policies and social equity, SELA is focussing its efforts on following up the mandates of the summit on social development, while in the field of human-resource training, the organisation has been promoting a long-term training programme.

Rodriguez also referred to the work SELA was doing in order to provide support and cooperation in the developmental process of the countries in the Caribbean and has designed a short and medium-term cooperation programme for the region. The programme is aimed at generating immediate benefits for the Caribbean countries in the areas of trade and investment for the public and private sectors. Among specific activities, the programme includes a seminar in Trinidad on development financing aimed at strengthening the negotiating capacity of Latin America and Caribbean multilateral financial institutions and private sector in capital markets. A high-level consultation meeting on negotiations of official bilateral debt (Paris club) will also be held in Guyana for the purpose of reviewing proposals aimed at alleviating the burden of debt servicing. Rodriguez also emphasised the significant role played by SELA's Permanent Secretariat in the creation of the Association of Caribbean States.

"SELA served as the focal point and co-ordinator of the efforts made by the 25 potential member states of this new organization and has provided all the support needed in defining its organizational and budgetary structure as well as in formulating its work programme ..." he suggested.

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Guatemala Breaks Away From Coffee Retention Agreement

PA2805040695 San Salvador EL DIARIO DE HOY in Spanish 27 May 95 p 3

[Report compiled by EL DIARIO DE HOY Editorial Staff]

[FBIS Translated Text] Guatemala has decided to move away from the international coffee retention agreement. Nevertheless, Central American experts agree that the other nations will stand by their commitment.

International news agencies reported on Friday that Guatemala was pulling out of the plan to withhold 20 percent of coffee production. This triggered a fall in prices.

According to Mariano Ventura, president of the National Association of Coffee of Guatemala (Anacafe), his country decided to drop the system in April because export restrictions are illegal.

Ruben Pineda, president of the Salvadoran Coffee Council, and Julio Mayorga, general manager of the Salvadoran Coffee Growers Association, believe Guatemala left the retention system to drive prices down on the international market. Guatemala has already sold all its harvest and has nothing more to sell.

Pineda added that the Guatemalan withdrawal had begun in March. He recalled that during the last Central American presidential summit, Guatemala refrained from signing any documents on coffee retention. In February, Guatemala decided to stay on the sidelines when El Salvador, Honduras, and Costa Rica decided to set their minimum export price at $1.70 a pound.

Central America Will Continue With Retention

Pineda reported that he spoke with Central American coffee growers associations on Friday. They said they would remain in the pact, thus doing away with the notion that any other country would be pulling out.

He said that he had also spoken to Brazil and Colombia, and even Indonesia, which expressed their interest in keeping track of the Guatemalan decision and the Central American reaction.

Meeting Called

The Central American coffee growers associations announced an urgent meeting for next week in Tegucigalpa. There they will reaffirm their commitment to the coffee retention plan.

According to a communique sent to Pineda, signed by David Roberto Lang, president of the National Coffee Commission of Nicaragua, they will also reaffirm their adherence to the minimal price system and quarterly shipments.

Obscure Reasons

Pineda suggested that Guatemala's announcement responds to "obscure reasons" of its coffee growers. They want to see the price fall, as they have already sold all of their harvest.

He added that the goal is not to protect Guatemalan coffee growers, as exporters sold without buying from their own countrymen.

Alfonso Lara, president of the Costa Rican Coffee Institute, says that Guatemala's attitude does not show its willingness to protect its coffee producers, but rather its exporters and industrialists.

Fernando Montes, manager of the Honduran Coffee Institute, views the action as nothing less than a trick by certain groups and interested parties to affect the coffee markets.

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Cuba

Rights Leader Comments on Release of Political Prisoners

PA3005170695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1450 GMT 30 May 95

[Telephone interview with Elizardo Sanchez, head of the Cuban Commission for Human Rights and National Reconciliation, in Havana, Cuba, by an unidentified correspondent in Miami, Florida on 30 May — live or recorded]

[FBIS Translated Text] [Reporter] One of the most outstanding political news of these past hours is the announcement by the Cuban Government of the release of six political prisoners. This is important news, because some regard or interpret it as a friendly gesture by the Cuban Government to the United States, which has opposed the imprisonment of these persons. We have learned that four of them have been released, but the report is rather confusing. Here is Elizardo Sanchez, head of the Commission for Human Rights and National Reconciliation [CDHRN), directly from Havana, Cuba. Good morning.

[Sanchez] Good morning.

[Reporter] Greetings from Miami. We would like you to confirm, since you are the most informed about the situation, what happened to these people. Have some people been released or not?

[Sanchez] It seems that four persons have indeed been released. Two of them, who are prominent political prisoners, namely, journalist and poet Indamiro Retano and physician Sebastian Arcos are still being held in prison.

[Reporter] Mr. Sanchez, to conclude, I would like to know what you expect in the next few hours? [words indistinct] these six political prisoners?

[Sanchez] I hope the government moves ahead with this, because thousands are being held in prison for political reasons and [words indistinct] or political and military. Unfortunately, I foresee that we can expect in Cuba, unless things change, a deterioration of the human rights situation during the rest of the year.

[Reporter] Thank you for your words to Caracol. We wish you the best of luck (?as a human rights figure) in your country and with the prisoners, and I hope they are released soon.

[Sanchez] Thank you from Havana.

Pedro Ross Comments on CTC Congress Goals

FL3005012595 Havana Radio Rebelde Network in Spanish 2300 GMT 29 May 95

[From the "Exclusive" program]

[FBIS Translated Text] Pedro Ross Leal, secretary general of the Cuban Workers Federation [CTC], stressed the vital need to conduct an in-depth analysis of the call to the 17th CTC Congress to enrich it with ideas aimed at increasing production and preserving the accomplishments of the Revolution. Pedro Ross Leal spoke during a plenum of labor leaders who participated in Camaguey Province in an assessment of the pre-congress process.

Ross Leal added that the call was drafted on the basis of collective criteria and that the text is not meant for solitary reading, but for keeping the torch permanently lit and introducing new elements into the congress. Pedro Ross praised the feats of the workers over the last five years of the special period, adding that the call to congress acknowledges that having undergone such a test, much to the surprise of the entire world, is a measure of the infinite moral strength and capacity for resistance of the Cuban people. Ross also emphasized that on the difficult road ahead, the cadres must set the example for the masses, who have demonstrated such firmness despite the harshness of the struggle, and that the goal is to promote unity to guarantee the social advances attained and the existence of the Revolution.

Panel Discusses Black Marketing in Cuba

FL3005120395 Havana Radio Rebelde Network in Spanish 1600 GMT 29 May 95

["Straight Talk" program with guest Eddy Jimenez and host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] What is sold on the side?

[Jimenez] In Cuba, just about everything. It all depends on what currency you pay with. This is something essential, enabling you to find anything you want. It also depends where you buy. There are times when you can purchase more and incredible things — things that you could not find elsewhere — only sold on the side. You could not find these same things in the regular shops.

[Rodriguez] You are talking about the black market — as the economic specialists call it, the submerged economy — because there are more things there than on the regular market?

[Jimenez] It is not so submerged anymore. You can find anything you want in Cuba. Let me give you an example. There other day I was walking on the Malecon,

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I was headed towards the dollar stores, the shoppings [previous word in English]. During these last few days I have been...

[Rodriguez, interrupting] You were not buying things, but investigating the system.

[Jimenez] Exactly. Well, there I was walking down the Malecon and they were selling fish, red snapper. I was very happy to see that because that is something good. It was being sold by a man who puts in a lot of hard work. He goes out and catches the fish and then sells it. Sometimes he is there from daybreak, under the sun all day. It takes great effort to do that, I was happy to see him there.

[Rodriguez] What currency was he charging?

[Jimenez] It does not make any difference, we must be tolerant in a case like this. He was charging in dollars, but you could offer pesos, bearing in mind the exchange rate...

[Rodriguez, interrupting] The black market exchange rate.

[Jimenez] Yes, the black market exchange rate. In any case, I take my hat off to this man because it is the result of his own hard work. He can sell the fish in pesos, dollars, or in whatever currency he wants. However, I am concerned that the prices are still very high. Prices have dropped very little, even after the opening of the farmers' markets.

[Rodriguez] Red snapper is not sold at the farmers' markets.

[Jimenez] Meat is sold at the farmers' markets and prices have stayed at 35,-40 [currency unspecified]. Some people would only be able to purchase three pounds of meat with one month's salary. Prices are still very high.

[Rodriguez] Let's continue. What is sold on the side? You gave me a good example.

[Jimenez] We arrived at a gas station where a tank truck was off-loading gasoline. The operation was going to take one hour and a half and gasoline would not be supplied until it was completed. Someone came to my car and said: Hey, man — very common expression these days — we can sell you gas at 50 cents to the dollar. I asked how and where, since the truck is still off-loading. They answered, no, not here, behind the Cohibar. Therefore, we also have people who are selling gasoline on the side, and near a gas station. They told me: Hey, man, all the gasoline you want at 50 cents to the dollar. That is cheaper than the official price. We had a little gas left and decided not to wait and we left. We arrived at the shopping plaza situated at 5th and 42d streets. You can buy anything you want there and I don't mean red snapper. I wonder if you are required to have a license of some sort to sell foreign products? Does the state or the people's government provide such a license? You can buy whatever you want, from beer to shrimp. Yes, even shrimp, which is illegal to fish now. I was so surprised when I saw that they had their merchandise stashed in a garbage can. They pulled a net out of the garbage can and it was full of cans of beer and shrimp. I wonder, where did that garbage can come from?

[Rodriguez] I think there is a great deal of tolerance because all these things take place in public places. These things take place right in front of shop managers, with whom these people are competing. Those people selling things on the side...

[Jimenez, interrupting] You are too soft-spoken and you treat this too delicately. I think we could say that they are in cahoots. I keep asking myself, where did the garbage can come from? Did that garbage can come from some warehouse? Remember that the garbage can is full of beer and shrimp. It is very difficult to eat shrimp in a restaurant in Cuba. Shrimp and lobster are only available in two or three restaurants throughout Cuba. However, here we have a man who pulls a package of shrimp out of a garbage can and offers it for sale, right on a street corner, and cheaper than the official price.

[Rodriguez] Let me defend myself because I have never been accused of being too delicate, I have always been accused of the opposite, of being to hard. I would not speculate with something like that because I would have to be able to prove it. When you say they are in cahoots, you should be able to prove that accusation. However, I do think that there is tolerance from the authorities who should prevent this from happening. Furthermore, there is tolerance by the shop managers ....[pauses] You gave one example, but I can say that right in front of Ultra there is always a long line of people. I had always thought these people were waiting to get into the shop, but they are with illegal vendors. These vendors compete with the shop. I heard them say; these products cost so much inside — I will sell it to you cheaper. Furthermore, they have all sizes in stock. The managers and people in charge of the shops must eliminate these competitors who are near their establishments. They have the authority to do so. The shops are what bring the shoppers to the area in the first place, therefore they have the authority — even if they do not own the street — to prohibit that type of illegal competitor from selling their products. I think that this situation — what is being sold on the side — should be taken very seriously because this continues to grow. You can buy anything out there,

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from illegal shrimp to things that are available in the shops. For example, rum. You mentioned a place where they offered you gasoline, but in front of the Riviera Gas Station you can purchase anything, even rum at half the price it costs in the shops. I think there is a parallel market to the dollar stores. Now, this parallel market even accepts pesos. You can buy bubble gum in pesos at the Zoo. I know that bubble gum is available at the dollar stores. This situation has grown and should be halted because it is an unfair form of competition with the dollar stores. In any case, the dollar stores can still win in this competition because they have the largest part of the market. Lack of social discipline is behind this situation. We are creating a new form of commerce in Cuba, where the private sector is participating. We must accustom people to paying taxes on anything they sell.

[Jimenez] There is no license given to sell foreign products. You mentioned that the street does not belong to the store manager. True, but the street does belong to the inspectors who should control this type of situation. Where are these inspectors? I still say that the most important thing is, where do these products come from? I wonder if any of the people who work in the dollar stores have anything to do with the products that are being sold right in front of those stores?

[Rodriguez] You mentioned that maybe dollar store employees could have something to do with the products being sold illegally. If they are smart they do not sell products from that very dollar store right outside, they take these products to another location.

[Jimenez] I think that the products being sold on the side are obtained in a couple of ways. They could be stolen or could have been bought in a warehouse, at a slightly higher price.

[Rodriguez] That is another form of stealing.

[Jimenez] Yes, true. This is easy to prove and again I wonder where are the inspectors and the police? An inspector should walk up to these people and tell them they have no license to sell these products right in front of a dollar store or anywhere else. That license does not exist in Cuba. Where is your license? No, I do not have one. Well then, how can you sell foreign beer and shrimp? That is not hard to prove. You mentioned tolerance and I said they were in cahoots. Everyone sees what is happening, but the inspectors and the police don't!

[Rodriguez] You insist in this subjective accusation, this subjective analysis of the situation. I am somewhat more cautious — not soft — and say that things should be proved...

[Jimenez, interrupting] That is not our job, that is the inspectors' job...

[Rodriguez, interrupting] And the authorities' job. The situation should be investigated. I think there is a lot of this going on, but not a huge amount...

[Jimenez, interrupting] I don't know about that.

[Rodriguez] I do because I see what they are selling and it is not a huge volume, but certain imported product warehouses are being affected. There are some things that point towards a certain type of connection and a lack of control. If there was control, this could be detected easily.

[Jimenez] It is not hard at all.

[Rodriguez] I think it is about time that we stopped the pilfering of containers; this is still happening. Many times you see a new product at a dollar store and shortly after you see it for sale on the streets. Does that mean it arrived at the stores and into the hands of these illegal sales people at the same time?

[Jimenez] Yes, and be careful, I have heard of sales of whole containers. Our port should also be investigated.

[Rodriguez] Not too long ago there was a case where a whole container was stolen. It was not discovered until the thieves had a fight while they were selling the contents and only then was the container discovered.

[Jimenez] I do not know if that is true or not, but I have been told that there are people who buy and sell containers full of products.

[Rodriguez] I think it may be an exaggeration, but you never know. Many thanks to Eddy Jimenez for talking about this issue.

Osmany Cienfuegos Inaugurates Tourism Convention

FL3105014095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 31 May 95

[From the "NTV" newscast]

[FBIS Translated Text] Over 1,000 participants from 40 countries are participating in the 16th Tourism Convention which was inaugurated on 30 May at Havana City's Convention Center.

During the convention's inauguration, Cuban Tourism Minister Osmany Cienfuegos admitted that Cuba expects to receive nearly 800,000 visitors and over $1 billion in income this year. Cienfuegos stated that 40 percent of the income generated by tourism in Cuba comes from Havana City. Cienfuegos also pointed out that tourism had increased in Cuba by 16.7 percent by

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the end of April, as compared to the same period in 1994, that there are 1,700 rooms in joint enterprises and 10,000 more to be constructed or already under construction.

Cienfuegos stated that the increase in tourism and the income deriving from it has enabled us to maintain national tourism and to finance light industry and food production, as well as agriculture. Cienfuegos described the convention as technically and commercially oriented, and noted that negotiations and new agreements will be made.

During the convention's first day, the negotiations have already yielded results. The Gaviota Group has signed a letter of intent with the Spanish firm, Occidental Hotels. This firm is interested in an association with Gaviota for the administration and construction of hotels in Cuba.

Roundup of Politburo Members' Activities

FL2905160495

[FBIS Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored through 29 May 95.

Alfredo Jordan Morales and the delegation evaluating the Turquino-Manati plan's results in Pinar del Rio Province have concluded their visit. The delegation visited many productive areas and Morales stressed the importance of transportation in the mountainous area. The delegation was informed that 93 tonnes of honey had been produced in the province during the first four months of the year. (Havana Radio Rebelde Network in Spanish 2300 GMT 19 May 95)

Concepcion Campa has met the president of Mexico's Institutional Revolutionary Party at the Carlos J. Finlay Institute. (Havana Tele Rebelde Network in Spanish 1630 GMT 20 May 95)

Esteban Lazo and Jaime Crombet took part in a progress report assembly and candidate for district delegate election which took place in district one in Regla Municipality, Havana City Province. (Havana Radio Rebelde Network in Spanish 1700 GMT 20 May 95)

Alfredo Jordan participated in the main ceremony marking the beginning of 1995's rice harvest which took place at the Pedro Antonio Borras number nine farm — part of the Fernando Echenique Agroindustrial Complex — in Granma Province. With regard to the forthcoming harvest, Jordan stated that there are still many difficulties, but now the work is better organized. (Havana Radio Rebelde Network in Spanish 1700 GMT 22 May 95)

Ramon Machado Ventura and Alfredo Jordan attended an extraordinary plenum meeting of the Communist Party of Cuba's provincial committee in Ciego de Avila Province. The meeting broached the level of implementation of the recommendations given by a Politburo delegation during a visit which took place in October 1994. The efforts made by the province's agricultural work force during the winter campaign were considered positive, both in areas of production and efficiency. (Havana Radio Rebelde Network in Spanish 2300 GMT 22 May 95)

Pedro Ross and Esteban Lazo participate in a ceremony awarding a national vanguard banner to Commodoro Hotel workers. (Havana Tele Rebelde Network in Spanish 1630 GMT 24 May 95)

Pedro Ross Leal, member of the Politburo and secretary general of the Cuban Workers Federation (CTC), chaired a CTC plenum on 25 May in Guantanamo, to discuss organization of the CTC 17th congress to take place in 1996. (Havana Radio Reloj Network in Spanish 0204 GMT 25 May)

Julian Rizo, first secretary of the Communist Party of Cuba in Camaguey, met with workers at the (Arcil) sugarcane Agroindustrial Complex in Esmeralda Municipality on 24 May. He praised workers for achieving planting goals and urged them to continue to apply themselves in sugarcane and agriculture industry tasks to maintain production levels. (Havana Radio Rebelde Network in Spanish 0900 GMT 25 May 95)

Pedro Ross Leal, secretary general of the Cuban Workers Federation (CTC), participated in meeting of labor leaders in Matanzas in preparation for the 17th CTC congress, stressing members' enormous moral strength and capacity to meet upcoming challenges, and noted the importance of the sugarcane harvest, recovery of the sugarcane industry, and food production. (Havana Radio Rebelde Network in Spanish 0900 GMT 25 May 95)

Ricardo Alarcon, president of the National Assembly of the People's Government, met with the Paraguayan senatorial delegation. (Havana Cuba Vision Network in Spanish 0000 GMT 26 May 95)

Abel Prieto, member of the Politburo, gave a speech during the inauguration of the 5th Sao Paulo forum which began in Montevideo, Uruguay, on 25 May. (Havana Radio Rebelde Network in Spanish 2300 GMT 26 May 95)

Esteban Lazo and Ulises Rosales del Toro chair the commission overseeing the progress of the Meteor 95 Exercise in Havana City. (Havana Radio Rebelde Network in Spanish 1700 GMT 27 May 95)

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Jose Ramon Balaguer heads the commission overseeing the Meteor 95 exercise in the Eastern Province. (Havana Radio Rebelde Network in Spanish 1700 GMT 27 May 95)

Alfredo Hondal, member of the Politburo, has participated in a Committee for the Defense of the Revolution meeting in Ciego de Avila, to discuss vigilance, crime prevention, blood drives, among other issues. (Havana Radio Rebelde Network in Spanish 1155 GMT 29 May 95)

Carlos Lage Davila and Yadira Garcia Vera, members of the Politburo, have toured locations of economic interest in Jaguey Grande Municipality, Matanzas, which has ended the 1994-95 citrus campaign. (Havana Radio Rebelde Network in Spanish 1155 GMT 29 May 95)

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Zedillo Congratulates Candidates on Election Victory

PA3005194995 Mexico City XEW Television Network in Spanish 0430 GMT 30 May 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Zedillo has affirmed that yesterday's elections are a clear demonstration of the democratic advancement in Mexico. President Ernesto Zedillo today telephoned Vicente Fox and Victor Cervera Pacheco to congratulate them on the election victory that, according to preliminary results, they obtained in Guanajuato and Yucatan States, respectively.

Zedillo asked both the assumed winning candidates, upon taking up their duties, for them to join the task of building the new federalism Mexicans are demanding. The president highlighted the order, cleanliness, and participation in the elections, in contrast to previuous state elections in Guanajuato and Yucatan. Zedillo noted this is a clear demonstration of democratic advancement in Mexico.

Zedillo told Fox that his victory represents a recognition by the people of Guanajuato for his hard and valuable political work of several years. The president told Cervera Pacheco that his victory is very meritorious, given the economic circumstances of the country that entailed large political costs for the Institutional Revolutionary Party.

President Zedillo invited both candidates to visit Los Pinos official residence to speak about issues of common interest, after they met the post-electoral formalities demanding their presence in their home states.

PAN Candidate Celebrates Election Victory in Guanajuato

PA3005200495 Mexico City XEW Television Network in Spanish 0430 GMT 30 May 95

[From the "24 Hours" newscast]

[FBIS Translated Text] In Guanajuato, two hours ago in the Chicago Martyrs Plaza in Leon, Guanajuato State, Vicente Fox celebrated his election victory.

Speaking to a crowd of over 5,000 PAN [National Action Party] members, PAN governor candidate Vicente Fox celebrated his virtual victory in the 28 May elections. Fox reported he had a two-to-one advantage over his closest follower, according to official results.

Vicente Fox told his followers he should now face three challenges: First, to win the confidence and respect of all Guanajuato citizens and to work without any partisan interest; second, to struggle for true federalism; and third, to govern for all, without regard to social class, creed, age, or ideology.

[Begin Fox recording] We will work side by side with each man, woman, youth, and child in Guanajuato. [end recording]

During the rally held at the 2 January Martyrs Plaza in downtown Leon, the PAN governor candidate was accompanied by PAN leader Diego Fernandez de Zevallos, representing PAN President Carlos Castillo Peraza, as well as PAN state and local leaders.

Fox reported he received a telephone call from the President Ernesto Zedillo, congratulating him not only for his election victory but also for the civility of the Guanajuato people, the cleanliness of the elections, and the work done by the State Electoral Institute and the state government.

With the song "the Streets of Guanajuato" in the background, Fox stressed this was the day of the democratic strengthening.

Zedillo Comments on Economic Progress in Chihuahua

PA2605200395 Mexico City XEW Television Network in Spanish 0430 GMT 26 May 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Social assistance must not be used to manipulate the people or as tool of political or religious propaganda. President Ernesto Zedillo stated this while meeting with Mexican businessmen at the opening of their annual assembly in Chihuahua. He noted that correcting the foreign trade imbalance, strengthening public finances, significantly reducing the country's indebtedness, and creating a radically different situation in the country's financial and foreign exchange markets clearly demonstrate that we are on the right path.

[Begin Zedillo recording] We know, however, that only by persevering can we achieve the results that make a real difference for the people. These results will be reflected in the recovery of jobs and income. [end recording]

Regarding the petition forwarded by Concanaco [Confederation of National Chambers of Commerce], he said the radical tax reforms, restructuring of the financial system, and in-depth deregulation are proposals that are conducive to the economic objectives sought by the government. He said development must not only be sustained in terms of economics, but also in other areas, such as the state of law.

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[Begin Zedillo recording] We need more security for the people and their property. We need legal guarantees for economic transactions. We need expeditious justice that is accessible to everyone. It is not an easy task to achieve all of this. If we persevere, however, and if we are firmly determined to reform the institutions and put an end to impunity, abuse, and corruption, I am certain we can achieve this. [end recording]

During the meeting, the Mexican president was accompanied by Chihuahua Governor Francisco Barrio and Concanaco President German Gonzalez Quintero. Later, the president met in Ciudad Cuauhtehmoc with peasants and ranchers of the region. They explained the problems they have faced because of four years of intense drought. The president told them that, while overflying the region, he learned of the sad and serious reality they face. The president's speech was interrupted when the sound of the rain gave rise to a prolonged 45-second applause. The applause was brought on by an upsurge of happiness and optimism from men and women who had been waiting for a definitive solution for their languishing problem — a solution embodied by the rain.

[Begin Zedillo recording] I cannot believe it. My wife told me: It is going to rain. I did not believe her. [prolonged applause] Well, I think it is a good sign. [end recording]

The president also announced the disbursement of emergency aid in the amount of 22 million new pesos for the state of Chihuahua. In another official action, he delivered land titles to 4,400 families.

Labor Secretary: Jobless Rate Continues To Climb

PA2705145595 Mexico City LA JORNADA in Spanish 25 May 95 pp 1, 24

[Report by Mireya Cuellar]

[FBIS Translated Text] Figures from the National Institute of Statistics, Geography, and Information Science (INEGI) on unemployment are not "in keeping with what we are experiencing in today's society," because we must add to the approximately 2 million unemployed Mexicans another 4 million Mexicans who work less than 15 hours a week and earn less than the minimum wage, Labor Secretary Santiago Onate Laborde said yesterday.

At the conclusion of a meeting in San Lazaro with Labor Commission deputies, Onate said that, in rounded figures, there are some 6 million Mexicans who are out of work.

He noted that "unfortunately" the unemployment rate continues to climb and will not begin to show a significant drop until the end of the year.

He said, "The resolution of the unemployment problem is currently one of the government's top concerns, because it is one of the main problems." He added that the prompt solution of the unemployment problem will allow for the creation of conditions that can lead to greater social stability. Asked whether there were risks of social unrest, he answered: "Of course they exist, especially if demands are not promptly met."

When explaining the country's unemployment problem to legislators, he said there are difficulties in determining the figure, and he gave a breakdown of the various unemployment estimates being studied.

He said INEGI reports an open unemployment rate of 5.7 percent but that there is an awareness "that this figure does not correspond to social reality," adding, "I feel an unemployment rate of 10.1 percent is "more graphic, more accurate," and represents a figure that includes more than 3 million citizens in this condition.

"Partial employment or unemployment" includes people who, for involuntary reasons, did not work more than 15 hours a week, while open unemployment includes only those who did not even work one hour in the week.

From the Labor Secretariat's point of view, Onate said, the rate that appears to be "particularly useful" is the one that combines the number of hours worked with salaries paid.

In Mexico, he said, 13.6 percent of the economically active population works less than 15 hours per week and earns incomes below the minimum wage, which is to say, "we are virtually talking about 5 million people."

It was during an interview following the meeting with the Labor Commission deputies that the labor secretary noted that, in rounded figures, 6 million Mexicans do not have jobs. Onate said he based his estimates on the fact that the economically active population in the country is 34.7 million people, a figure he also mentioned during his meeting with the deputies.

The creation of jobs, the labor secretary said, primarily depends on people's confidence in the country's economic progress, which is linked to the stability of the financial markets, the exchange markets, and a drop in interest rates. He said, "These indicators are starting to show positive signs, and this is necessary for the creation of jobs.

"The next step is the promotion of productive investments that can lead to the creation of jobs, which must be encouraged by, among other things, a tax incentive system. It is necessary to study whether or not it is appropriate to tax a company's profits if these profits are

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being reinvested and are creating more jobs. The time has come to discuss this issue and to decide on it."

As for the tax on a company's assets, Onate told the deputies that when he was legislator he did not support this tax, and he added that he is "pleased" to see the Supreme Court is reviewing it.

Onate told Labor Commission deputies he was willing to answer any of their questions. He even told Deputy Armando Quintero that the Labor Secretariat's jobs program would be at their disposal to review its application, because "we have nothing to hide."

During his meeting with the deputies, which lasted more than three hours, the labor secretary said "we are far" from complying with Article 123 of the Constitution as far as jobs and wages are concerned.

He added, however, that under the current economic circumstances, adjusting salaries to inflation would only lead to more unemployment. He said, "If the National Minimum Wage Commission decided right now to increase minimum wages to between 18 and 30 pesos, and if the inflation rate for the year ran at 40 percent, this would simply increase the number of dismissals or increase the number of violations of the standards regulating the minimum wage."

He added that under current conditions, labor unions and companies have had to opt for mechanisms aimed "at preserving the productive sectors" at the expense of salaries. "These are zero-dismissal pacts and zero-wage increases for a set number of months."

He also said that current labor policy has led to the elimination of wage ceilings, because since March labor unions have had the complete freedom to conduct negotiations in line with the economic conditions of specific companies, which has led to variable wage increases between zero and 25 percent. In this regard, the automobile industry has been the most favored.

He said one possible revision of labor standards must be preceded by an agreement among the various sectors, not only the productive and labor sectors, but also the political parties.

Onate also said the government is currently implementing specific programs to counter the demand for jobs, such as scholarships for the training of workers, quality improvement and modernization, and the National Employment Program.

Moctezuma Begins Program To Aid Bank Debtors

PA2805164495 Mexico City XEW Television Network in Spanish 0430 GMT 26 May 95

[From the "24 Hours" newscast — passages within quotation marks recorded]

[FBIS Translated Text] On instructions from the president, this Thursday, Government Secretary Esteban Moctezuma implemented an emergency plan to aid bank clients. The meeting was attended by the president of the National Banking Association and representatives of the Finance, Trade, and Agriculture Secretariats and of the state governments.

Moctezuma said that the governments of the states, the federal district, and banks will open new windows as of Thursday to give individual attention to debtors who are having problems paying notes to banks, either for credit cards, mortgage loans, farming loans, industrial loans, or others. Debtors will have to fill out an application in order to be included in the credit restructuring program.

Moctezuma made the announcement at the Government Secretariat. He noted that it is a hassle to have the problem of notes falling due, adding that this problem affects everyone. Moctezuma said society demands prompt, clear, and just solutions.

[Moctezuma] "An additional alternative is being provided to aid in giving attention to persons with notes that are due. The decisive factor now will be the willingness of the banks and persons making the payments to secure equitable and satisfactory agreements for both parties. Such agreements must permit producers to produce again and to restructure the heavy financial burden of the loans. There is a commitment on the part of the banking centers to broach all the problems and to find a solution for them."

Moctezuma said that the banking sector plays a relevant role in the country's economy and in the recovery of Mexico. He noted that solutions must be found through concerted efforts for small and medium industries in the agriculture-livestock, mortgage, and credit card sectors.

[Moctezuma] "Everyone wants an equitable, expeditious solution to the problem of bank debts. They want a solution that does not violate the banking system, hinder production, or the property of Mexicans, and one that is supportive of them and understands them, but which will not violate the banking system, hinder production, or the patrimony of the Mexicans built with an earnest and productive effort.

"It is in the best interests' of all to have a solution that will not endanger the fundamental interests of either side and will harmonize them for the good of Mexico."

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Jose Madariaga Lomelin, president of the Banking Association of Mexico, said: We are beginning to see the light. He said President Zedillo's economic program is functioning.

[Madariaga, in progress] "... to find formulas that will permit us to make a vicious circle into a virtuous circle. All together, supporting one another, we can overcome the problems that are besetting us in the financial sector."

He said we must stop looking for culprits and said that irritation prevented us from overcoming the crisis in March. He recognized that for banks it is fundamental to have the support of its clients.

[Madariaga] "To the extent that you may be facing a difficult situation, to that same extent banks will be in a difficult situation."

Madariaga said the restructuring system will help 70 percent of debtors. During an interview he said that, up until March, 80 percent of the credit portfolio had fallen due. He said this portfolio totals approximately 80 billion new pesos.

Some persons may be wondering why this meeting, a meeting with bankers, was held in the Government Secretariat instead of the Finance Secretariat. It is because it was not a meeting with bankers only. The Government Secretariat is the competent secretariat to coordinate relations of the federal government with the state governments. Also, this program was promoted at the same time to the state governments and government, finance and trade secretariat, and the national banking system. That is why it was held in the Government Secretariat.

Energy Under Secretary: Pemex Needs To Diversify Market

PA3005150395 Mexico City EL FINANCIERO in Spanish 29 May 95 p 39

[Report by Eva Lozano Estrella]

[FBIS Translated Text] Jorge Eduardo Navarrete, under secretary for hydrocarbons of the Energy Secretariat, has warned that if Mexican Petroleum (Pemex) wants to be internationally competitive, it must diversify its markets, especially toward the developing countries and not be satisfied with its closest market.

He said the international petroleum market will be unstable once the United States withdraws the prohibition for the export of crude from Alaska.

In an interview, the official stressed that although Mexico has never been an OPEC member, its policy in this area has been more responsible than that of the OPEC members concerning the search for price stability.

Mexico has strived to make sure that the amount of supply will not reduce international prices. "We know it is not good business for prices to decline simply to sell more petroleum. On occasions, it is advisable to hold back sales so that the market may recover or stabilize."

He stressed that at this time there is some stability in the international market. In Mexico's case, in the first four months of 1995, the average price of the mixture of export crude oils was $3 higher than what was estimated in the *general guidelines for the economic policy*.

Therefore, Navarrete said, Mexico should take advantage of the market stability, at least while it lasts. No one can guarantee the future of this sector given the strong fluctuations it sometimes registers.

He said that unless there are serious problems, such as the possibility that Alaskan oil will be exported, or of U.S. financial and trade actions against Iran, this stability will be maintained throughout 1995 and beyond.

In his offices at the Energy Secretariat, Navarrete insisted that Pemex must diversify its market and avoid concentrating most of its exports to the U.S. market.

"The country should resume its efforts to diversify and seek other markets, making them more important. However, I do not believe it is practical to establish ceilings of not selling more than 50 or 60 percent of total exports to a single country. But we should promote sales more actively, and not be content with only exporting petroleum to our nearest and easiest to cover market."

He was asked: What markets are you proposing?

In the medium term, we are talking about the countries on the way to becoming industrialized, because in the most developed markets, the demand for petroleum does not grow as rapidly. That is to say, the increase in purchases is more moderate because these are mature economies that have developed mechanisms for more efficient use of energy. They replaced petroleum with other sources of energy, especially during the 1970s and 1980s, when petroleum prices greatly increased.

The market is growing at a higher rate in developing countries, such as those of Latin America and Asia.

At this time, they represent no more than 15 percent of the world market. By the year 2000, they will represent 20 to 25 percent, and by 2010, perhaps they will represent nearly half of the market.

According to Jorge Eduardo Navarrete, the long term opportunities will be in those developing countries, not

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only to sell petroleum but to form partnerships with them for refining, and ties that go beyond the simple export of crude.

This diversification, he concluded, "cannot be achieved overnight, but if Pemex wants to be an internationally competitive petroleum enterprise — as we also want it to be — it must pursue those objectives with more energy and strength than it has shown to date."

Banks Face Increased Overdue Loans

PA3005041895 Mexico City EL FINANCIERO in Spanish 26 May 95 p 5

[Report by Alicia Salgado]

[FBIS Translated Text] The delinquent loan index of the Mexican banking system increased from 7.33 percent in December 1994 to 10.18 percent in late March 1995 as a result of the increase in overdue loan portfolios and the contraction of the total loan portfolios for all-purpose banks.

According to statistics from the National Banking and Securities Commission (CNBV) obtained by EL FINANCIERO, the following are the institutions facing a critical situation engendered by the increase in their clients' loan delinquency: As of late March, Banco del Oriente's delinquency index reached 20.37 percent, approximately twice that of the average index for the entire banking system; Banco Obrero's index rose to 18.48 percent; Banpais, to 19.9 percent; Mercantil Probursa, to 13.22 percent; Serfin, to 12.19 percent; and Bital, to 12.1 percent.

While reflecting the debt crisis in the business sector and the middle class, the increase in the banks' delinquent loan index also is a basic indicator showing the widespread deterioration of purchasing power in Mexico, the decline of household and per capita income, and the lack of liquidity stemming from the monetary austerity imposed to combat the financial crisis prompted by the December devaluation of the peso.

In analyzing the figures, it is worth noting that even though Banamex [National Bank of Mexico] and Bancomer [Foreign Trade Bank] are the institutions handling the largest volume of banking credits, they registered the smallest increases in their delinquent loan indexes. Banamex's index rose from 8.37 to 9.89 percent, while Bancomer's rose from 7.26 to 8.7 percent during the December-March period.

Meanwhile, the CNBV, chaired by Eduardo Fernadez, denied statements made yesterday in the U.S. Senate by Finance Committee Chairman Alfonse D'Amato and Senator Lauch Faircloth, who claimed, "accounting tricks and state subsidies were used to doctor the first quarter banking figures."

The CNBV explained that the banking institution, acting in compliance with Memorandum 13254-1137 of 22 February, devised in only one meeting special provisions covering a maximum of 60 percent of overdue loans and 4 percent of total loans. These provisions were issued in tandem with regular provisions the banks will have to meet as a result of the credit portfolio categorization during the first quarter.

According to the CNBV, banks can choose to recognize the special provisions vis-a-vis the results (profits) of their business year or through the direct reduction of capital reserves. Institutions such as Bancomer, Banamex, and Confia chose the results option, while Serfin, Comermex, and Bital chose the capital reserves option. It is worth mentioning that funds from the Temporary Capitalization Program, which were obtained from Fobaproa [Savings Protection Banking Fund] to bolster its capital base, were used to support these three institutions.

"The practice of registering special provisions against capital reserves does not contravene sound accounting practices, especially if we consider that these special provisions correspond to the portfolios of the previous business year," the CNBV argued, while stressing that Mexican accounting practices (Bulletin A-7) forbid altering the results of previous periods (the assembly sanctions this practice) unless they result from accounting mistakes, which also is allowed in U.S. accounting practices.

CNBV added that the option the aforementioned banks chose "did not change the financial positions of their balance sheets or their capitalization indexes." In addition, it denied "they received fiscal subsidies" and argued that, according to accounting guidelines in Mexico (Bulletin D-4) and abroad (U.S. FASB-109), as well as to Nic 12 Guidelines [Normas Nic 12], the taxes deferred because of the provisions must be acknowledged, because their origins can be fully identified.

"The additional provisions would trigger a fiscal gain within a limited timeframe," the CNBV maintained.

As for the rescheduling of credit portfolios through a bank's own resources or through the renewal of portfolios, the CNBV affirmed that it "has performed audits and conducted physical inspections in the credit institutions and has not allowed overdue portfolios to be hidden through the interest capitalization practice."

Finally, the CNBV explained that the first quarter figures the credit institutions reported do not include the effects of the UDI [investment units] reorganization programs,

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because the corresponding agreements were signed after the March closing date and because "they constitute only an interest rate swap (exchange) operation."

ALL-PURPOSE BANK DEVELOPMENT *

Delinquent Loan Index		
	Dec '94	Mar '95
System Average	7.33	10.18
Banamex	8.37	9.89
Bancomer	7.26	8.70
Serfin	8.69	12.19
Invertat	7.58	10.40
Bital	10.61	12.10
Mexicano	5.66	7.89
Atlantico	9.43	10.29
Mercantil Probursa	6.56	13.22
Centro	5.95	9.02
Promex	5.05	7.84
Mercantil Norte	3.79	6.99
Confia	4.99	8.21
Banoro	5.76	7.76
Banpais	6.55	19.90
Bancrecer	6.08	10.32
Obrero	15.12	18.48
Banco del Oriente	11.28	20.37
Citibank	1.12	1.88
Industrial	0.02	1.49
Interstate	3.42	5.64
Southeastern	—	5.78
Capital	—	0.51
Inbursa	0.02	3.37
Interacciones	0.01	0.89
Mifel	—	0.45
Promotor Norte	—	1.74
Quadrum	—	—
Invex	0.51	1.86
Banregio	—	0.18

Delinquent Loan Index

Source: CNBV

* Figures reflect percentages of total loan portfolio

International Reserves Reported at $10.492 Billion

PA2605152495 Mexico City XEW Television Network in Spanish 0430 GMT 25 May 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The Bank of Mexico today reported that in the first half of May inflation increased by 2.18 percent and the basic basket cost increased by 1.59 percent as compared to the figures for the second half of April.

The Bank of Mexico's international reserves amounted to $10.492 billion as of 19 May. This represents a $2.196 billion increase over last week's figures. The bank reported that this increase resulted largely from the $2 billion disbursement of the U.S. aid package for Mexico.

As an indication of the CETES [Treasury Certificates] decrease, the reference rates for bank interest calculations decreased also. The TIIP [Average Inter-Bank Interest Rate] was reported at 51.69 percent, or 6.71 percent less than last week. The TIIE [Inter-Bank Equilibrium Interest Rate] was reported at 5.69 percent, or nearly 8 percent less than the previous figure.

Civil-Military Relations Assessed

95CA0242A Mexico City REFORMA in Spanish 10 May 95 p 14

[Commentary by Sergio Aguayo Quezada, president of the Mexican Human Rights Academy: "Soldiers"]

[FBIS Translated Text] What does the military think of the period that Mexico is going through? Which way is it going to tilt with its indisputable power? These concerns were revived when this past 5 May the Armed Forces staged an impressive display of military might, followed by a brief speech that the secretary of defense, General Enrique Cervantes Aguirre, delivered before the president of the republic.

Some background information about the evolution of relations between civilians and the military in Mexico is indispensable for a better appreciation of the far-reaching importance of what took place on 5 May.

Our political system was built on revolutionary rifles, and the express mission of the military has been, and still is, to help maintain domestic law and order and to

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defend our institutions. What has changed, and greatly so, is the way in which this mission is understood and carried out, because the military has changed, and its relationship with civilian officials and with society has changed.

The Student Movement of 1968 is the watershed in this relationship. For many years certain military circles held that the massacre on 2 October in Tlatelolco was the result of a "trap." General Marcelino Garcia Barragan (the then defense secretary) explained it quite clearly when he said that the Army was greeted with "heavy discharges of firearms from various rooftops and upper levels of buildings" in Tlatelolco. According to this version, when the Army responded, the students were caught in the crossfire.

Over the years it has been established that the massacre on 2 October did, in fact, begin with an attack on the Army, but it has never been established who the civilians that started firing were. The most recent evidence is that the gunmen were being coordinated from a command center in the Foreign Relations Secretariat in which there were personnel from the Federal Security Directorate (a branch of the Interior Secretariat). If this is true, then the people who set the trap for the Army were part of the government.

From another perspective, the real trap had first been set for the Armed Forces not in Tlatelolco but long before, when the military agreed to become a tool for controlling or eliminating protests against the regime. Leon, Chilpancingo, Morelos, San Luis Potosi, Morelia, and Chiapas are points on the map showing when the government turned to the military to put a violent end to independent movements, many of which were legitimate and operated legally.

If things are viewed this way, then 1968 was the most tragic, but not the only episode in a relationship of subordination and manipulation that has harmed the military. A silent revolution with several facets began inside the military as of 1968.

The first facet has been an emphasis on professionalization, which, on the one hand, means acquiring weaponry that has greatly enhanced firepower and mobility. Some of this materiel was displayed at the 5 May parade in Puebla and greatly impressed those who saw it.

At the same time there was a systematic effort to improve the training of military command personnel. For example, in 1981 the Secretariats of National Defense and Navy established the National Defense College and the Center of Superior Command and National Security Studies, respectively.

This process accelerated and was complemented during the previous presidential term, when the then defense secretary, General Antonio Riviello Bazan, spurred internal reforms that improved military training and did away with abuses, such as the custom of certain chiefs of making loans at usurious interest rates to the rank and file.

One consequence of all this was a fundamental change in relations with civilian officials. The essence of the change was that the Armed Forces ceased to be obedient repressors who would use force to fix the messes that the civilian authorities would create. The contrast is striking. Unlike the 1960's, the Army was not involved in controlling opposition demonstrations during Carlos Salinas' term. In the two instances in which they did become involved (Chilpancingo 1989 and Michoacan 1992) they were very careful to do so as a preventive measure. This revolution in attitudes represents the real modernization of the Armed Forces; and this is one of the reasons why they are the most prestigious government institution.

Unfortunately, these reforms are not well known enough, because the long-standing taboo of not talking about the military persists and because the military lacks a modern mechanism for relating to and communicating with society.

It is against this backdrop that the impact of Chiapas must be considered. One very dangerous, and quite widespread, approach is to polarize opinions about the Zapatists and the Army. The partisans of the two sides find reasons to discredit each other by blaming the other for the cycle of tensions. It would be absurd to deny the excesses that have been committed, but it is equally irresponsible to downplay the restraint and pragmatism that Zapatism and the Army have also shown.

The delicate balance could be upset, that is why the parade and the speech by the defense secretary on 5 May were so important. There are two messages. On the one hand, they displayed their power, and General Cervantes Aguirre came out against capitulating and reaffirmed loyalty to the president of the republic. On the other hand, though, he spoke out explicitly against authoritarianism and in favor of the law.

If we view what happened on 5 May with the logic of the history we have outlined, then the messages are less contradictory. Our Armed Forces are concerned about the country and about preserving the institution, and the worst thing that could happen to Mexico and to the Army would be a war in Chiapas or a harder, more authoritarian line. It does honor to no army to go around hunting down Indians in the jungle (as the Porfirian Army did with the Mayas or the Yaquis) or persecuting

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newsmen or opposition leaders. What is more, it would be a war that is out of tune with the winds that are blowing through the world and the region and, perhaps more importantly, with the state of the economy.

The best solution for the Army, and this is the underlying message, is to have an honorable peace in Chiapas; that is to say, the Army must not be the one that pays the bill, as happened in Tlatelolco. The Zapatists want the same thing and something more: justice. The only logical and viable way to have peace and honor for both is through comprehensive democratization, through the modernization of national institutions. General Cervantes is right when he says that "the collective and peaceful interest of the nation" is served without authoritarianism and with the "reason of law" and he is right on the mark when he adds that "history is much more than economics."

So then, I do not think that it is overbold to conclude that in light of the modernization that the Armed Forces have undergone, what best serves their interests and the interests of the nation is peace and democracy. It remains to be seen whether the negotiators and players in the future of Chiapas and of the nation understand that they have this opportunity, or whether those who would set new traps for the military as a way of maintaining their privileges will be successful.

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Guatemala

President De Leon Carpio Reportedly To Resign

PA3105004195 Guatemala City LA HORA in Spanish 29 May 95 p 6

[FBIS Translated Text] Strong rumors circulated in parliamentary hallways this morning to the effect that President Ramiro De Leon Carpio will reportedly resign one day before marking his two years in office; that is, on 4 June. He would not be affected by constitutional restrictions by resigning and would be able to be a presidential candidate in the 1999 elections.

If De Leon Carpio does not resign before 5 June, which is the second anniversary of his taking office after being designated by Congress to conclude Jorge Serrano Elias' term, constitutional Article 187, which prohibits reelection, could be applied against him.

That restriction is applicable to *the person who has held the office of president of the Republic by popular election or who has held the office for more than two years while replacing the incumbent. In no case could the person hold that office again.* That article made it impossible for him to participate in the 1995 general elections.

That same article clears the path for De Leon Carpio as long as he resigns on 4 June, as has been rumored in political circles, because he was not popularly elected but, rather, designated by Congress as a result of the break in the Constitution by Serrano on 25 May 1993.

De Leon Denies Reports, Views Elections

PA3105004395 Hamburg DPA in Spanish 2138 GMT 30 May 95

[FBIS Translated Text] Guatemala City, 30 May (DPA) — Today, Guatemalan President Ramiro De Leon Carpio denied he is planning to resign with a view to run in the 1999 elections but admitted "many people" have asked him to continue in his post in order "to reinforce the democratic transition and to consolidate the peace process (with the guerrillas)."

The media have reported that De Leon (53) could resign before 6 June, when he marks his second anniversary in the post, so as not to be adversely affected by a constitutional article forbidding those who have taken over the Presidency for more than 24 months while replacing the incumbent president from running for president themselves.

The head of state, a former human rights ombudsman, took power on 6 June 1993 due to a decision Congress made 12 days after then Guatemalan President Jorge Serrano Elias, who is now exiled in Panama, staged a "self-inflicted coup."

"I have said that on 14 January 1996, I will turn power over to the ruler whom Guatemalans elect (on 12 November 1995 or in the 7 January 1994 runoff elections), and I will keep my word," President De Leon maintained after denying media reports.

The president said, however, several "political, social, and religious groups have talked to me lately to explain the possibility of holding power, arguing it would be useful to reinforce the democratic transition, to consolidate the peace process, and for other political and economic reasons."

The peace process with the Guatemalan National Revolutionary Unity (URNG) has been largely promoted during the government of President De Leon, who, according to commentators, wants to go down in history as "the president of peace."

The parties, which are holding negotiations at the request of the United Nations, hope to sign a political agreement in August 1995 in order to end three decades of an armed conflict, the only active conflict in Central America.

URNG Confirms Participation in Upcoming Elections

PA3005150495 Guatemala City SIGLO VEINTIUNO in Spanish 28 May 95 p 4

[Report by Carlos Canteo]

[FBIS Translated Text] The Guatemalan National Revolutionary Unity (URNG), through Luis Becker Guzman of the Political-Diplomatic Commission, has affirmed that its participation in the upcoming elections is a fact, adding that the guerrillas will give all their support to a small party that amalgamates the unions and popular sectors.

We have maintained that in order to participate in the electoral process, URNG members do not have to forcefully participate; instead, we will support a popular force amalgamated in a small party that the past has not tainted and that represents the interests of the majority, the guerrilla organization explained.

This is why, it went on, we have called on the people to go to polling stations and form a representative front, because, otherwise, the traditional groups will continue to hold power.

Since 1954, he argued, many small groups have been participating in the elections and have been taking advantage of the government by doing away with the participation of larger sectors. This reason is why it is important for the larger and representative sectors to participate in the elections.

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Talking to Everybody

According to Becker, the guerrillas have met with minority groups and different sectors and personalities of the national arena, to which they have explained the decision to form the group and to debate based upon a joint political platform.

We explained to them, they pointed out, that the platform must be prepared not only for the elections, but it also must involve a long-term process and a force that will participate in the government or the opposition in a representative fashion. In any event, the important thing is to discuss a coherent government project rather than posts and candidates, because they constitute a secondary issue.

The guerrilla body stressed that, as a programmed platform becomes a reality, we will express our support, because the URNG is not considering names, but projects. There is nothing better if unmarred small parties and social movements executed these projects. If this position materializes, we are almost certain our support would go in that direction.

In addition to meetings with political groups and leaders, the URNG met with the private sector's Peace Commission and discussed the overall layout of the state reorganization as part of a consistent government plan.

We are clear that a new state must be formed, a state in which a new ruling style is one of its basic axes and in which the decisionmaking and participation mechanisms are devised, Becker assessed.

Rios Montt, An Obstacle to Peace

Although the Guatemalan rebels have not analyzed how the ascension to power by certain presidential candidates would affect the country, it is clear, in the opinion of Becker, that the arrival of Efrain Rios Montt would constitute an enormous obstacle to the peace process.

In the opinion of the URNG, the upcoming electoral process and the peace talks are different, although neither exclude processes, and even though each has its own pattern, they could intermingle with one another.

Our analysis indicated that the negotiation process with the government and the Army, which began several years ago, has an unprecedented, historic scope. Meanwhile, the proselytizing activities could not have it. What we are expecting from future elections, he maintained, is that insofar as a new president is elected, he will contribute to making positive changes that will strengthen the peace negotiation process.

For the time being, Becker asserted, we have not sat down to analyze the consequences of the ascension to power of some of the candidates. However, we could anticipate that the victory of such a genocide as Rios Montt would be counterproductive for the country and would become a serious obstacle to peace.

Another significant factor we would have to analyze is which political forces and groups would support which candidates, because we would then be able to determine how they would behave during the elections and once one of them heads the government.

As for the course of the negotiation process with the current government, the guerrilla affirmed there has been major progress. The following steps will have to be taken while brandishing a major political resolve to sign agreements.

We still have such serious problems as the secrecy of the process of meeting with each party individually and the petit committee. However, the progress is there. Now we are willing to wait for the first UN draft on the issue of socioeconomic aspects and the agrarian situation, he remarked.

Regarding the temporary status expiring in August 1995 that the United Nations granted, Becker said it is an important but not determining factor in the process, because there are more profound issues that will support the agreements.

According to Becker, the contents of the agreements rather than the temporary status is important for the URNG, because decisions benefiting the people must be made. If the contents advance in terms of a temporary timeframe, it would be excellent; otherwise, we would have to prolong it. All depends on the government's political resolve.

Defense Minister Promises Neutrality in Elections

PA2705185595 Guatemala City Teleonce Television in Spanish 0400 GMT 26 May 95

[From the "Telepress Newscast"]

[FBIS Translated Text] Defense Minister Mario Rene Enriquez has said that any new coup d'etat would prove fatal and absurd.

[Begin recording] [Enriquez] In truth, I do not want to comment on anything having to do with Guatemalan politics, and not because it does not affect the Army. It does, because we want the 1995 elections to be successful with the peaceful participation of a majority of voters. What I mean is that I do not wish to step forward and speak in favor of any particular party. I would rather remain neutral. No one in Guatemala who wants to perpetrate a coup should be listened to, and, thank God, no one does.

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[Unidentified reporter] You say you will not take part in party politics, but what about the Army? Do you not think that certain officers might want to participate?

[Enriquez] I do not think so. Such a movement would be mainly a political movement — something that should be left to the parties. The Army knows this is something it should not mess around with. Now, and more so than 12, 15, or 20 years ago, the Army knows full well it should stay out of politics. The Army is very familiar with its role and remains aware that a coup would be just as fatal and absurd as the protracted domestic armed conflict has been.

[Reporter] What would happen if a former Army officer promoted a coup or incited Army officers?

[Enriquez] For a long time, General Rios Montt has been retired. He is a civilian now. Even though he still feels like a military man, he is a civilian. Every officer who retires becomes a civilian. [end recording]

Enriquez added that the failure to extradite former Guatemalan President Serrano Elias from Panama, where Serrano now lives as a political exile, cannot be blamed on Guatemala.

[Begin Enriquez recording] Extradition efforts have been made but failed. Countries are sovereign, however. If the extradition requested by the Guatemalan Government has not gained any ground, Guatemala must respect the Panamanian Government's position. There is nothing else we can do. [end recording]

Rebel Leader Warns of Violence If Talks Fail

PA2805011095 Mexico City NOTIMEX in Spanish 1704 GMT 26 May 95

[FBIS Translated Text] Guatemala City, 26 May (NOTIMEX) — Guatemala's foremost prisoner of war, guerrilla Subcommander Timoteo Navarijo Chutan, warned in Guatemala City today that if the peace negotiations fail, the rebels wil redouble their armed actions.

The soft-spoken Subcommander Navarijo, 45, a slow speaker, is being held at a public jail in Guatemala. He warned during a conversation with NOTIMEX that "if the peace talks fail, we will use force."

Navarijo, a member of the "Santos Salazar Southern Front" of the Rebel Armed Forces (FAR), explained that for the people who have been up in arms for the past 34 years, the peace negotiations initiated in 1991 are among the most important achievements of the insurgent struggle.

The government and the rebel command in Mexico are expecting the United Nations to convene the sides within the next few days to resume the peace dialogue, which will now tackle the country's socioeconomic problems and the agrarian issue.

A 17-year member of the FAR, one of the four organizations that form the Guatemalan National Revolutionary Unity [URNG], Navarijo said that in addition to the agrarian topic, the rebels are hoping to redefine the Army's role.

"In the Santos Salazar Southern Front we have doubts regarding the military's resolve to redefine their role in a post-war society, but we prefer to wait and see the results and not get ahead of ourselves," he said.

"The revolution has taken the dialogue seriously, and it respects it," said Navarijo, who was captured 26 days ago by the Army in Cuilapa Santa Rosa, 63 km south of Guatemala City.

"Were it not for the talks between the government and our commanders in Mexico, I would not be here talking with you; I would have been dead from the moment they captured me," he admitted.

The guerrilla, now being held at the detention center in area 18 in northern Guatemala City, could not conceal a smile upon remembering the day when a military patrol captured him; he was taking food to his comrades in the mountains.

"I felt as if I were dead; I tried to lie, but a former rebel comrade was among the soldiers, and he identified me. They shot me in the leg, tied me, blindfolded me, and threatened me to make me talk," he explained.

"A few hours later," he said, "they took off the blindfold. I saw officials from the Attorney General's Office, from the National Police, and the media. I knew I was safe," he said and smiled once again.

Navarijo, who is "convinced and certain" about the armed struggle explained that as time went by, he went from being a low-level combatant to one of the ideologists of the rebel movement, in charge of recruiting more followers and keeping the current members in their ranks.

"Perhaps the comrade who identified me was not very convinced of why he was fighting against the current system; that is why he joined the enemy. But there are thousands of us with or without weapons who know that the cause is just," he said.

The rebel, also known as "Subcommander Uben" gave an example of the subversives' military commitment by noting the case of his two daughters, ages 24 and 21, who have joined the guerrillas. "I admire them, and I know they have no doubts about their decision."

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He confessed, without showing nostalgia, that his wife, who has been a refugee in Mexico for a long time "always criticized me for my active participation in the revolution and also for involving our girls in it, but I now think she understands us."

According to Subcommander Uben, contrary to the first few years of the armed movement, when the army massacred entire peasant villages because of their alleged involvement with the guerrillas, the rebels "did not even have weapons, but now we have lots of support."

The subcommander flatly rejects the Army's version that the guerrillas are militarily finished and said "it is now that we are strong," after three decades of war and more than 175,000 deaths later.

According to the URNG General Command in Mexico, the FAR, the Poor People's Guerrilla Army (EGP), the Guatemalan Labor Party (PGT), and the Revolutionary Organization of the People in Arms (ORPA) currently have more than 3,000 armed men in their ranks.

Navarijo said that due to the international interest in the Guatemalan internal conflict and due to the peace process, the Army cannot commit the peasant killings, which weakened the guerrillas in the 1980's.

He said many people have preferred to wait and see the true result of the talks between the government and the rebels before deciding to return to their arms, "which is prudent and understandable."

"For my part, as I have said before, I have decided not to avail myself of the army's amnesty proposal because we have not surrendered, we have not been defeated; that is why I am waiting for a trial here in jail," Subcommander Uben said with determination.

The rebel, who during the entire interview with NOTIMEX, remained seated on a prison bench, with his legs stretched and with his fingers crossed, said the saddest thing about being in prison is that there is not much light and he misses his reading glasses.

He said that while he awaits his trial to face charges of treason against the fatherland and forgery, he has only received visits from human rights observers and officials from the United Nations Mission for Guatemala (MINUGUA).

"Here inside I have had no other visits; there are three military officers and two soldiers under arrest who look at me with mistrust. None of us is comfortable living in the same jail cell together with more than 30 other prisoners," the rebel leader said smiling.

Finally he told NOTIMEX that "at night, I sleep very little and I wake up frequently because anyone could strangle me here on orders from those who arrested me and were unable to kill me outside."

Banks Law Modifications Effective 29 May

PA3005172195 Guatemala City LA REPUBLICA in Spanish 29 May 95 p 12

[FBIS Translated Text] Following their publication under Decree 23-95 last week, the country's Banks Law modifications go into effect today, Monday [29 May]. This decree establishes the norms that banks in the system will have to follow in regards to administration, risk factors, and the solidness and solvency that must be offered to depositors and creditors to avoid possible problems in the implementation of the new law.

Currently, the banking and financial system is made up of 34 banks, including commercial and mortgage, and nine financial companies or investment banks. Insurance, storage, and brokerage companies are ruled by independent and specific precepts for each one of their activities and, thus, will be not affected by this new law.

The goal of the new Banks Law is to increase competition and further the financial system's operational efficiency within a macroeconomic framework of stability and growth. The banking institutions that operate in the country need to encourage an increase in the internal and external savings trends by reducing costs and intermediation margins. They also should encourage greater access to credit by increasing financial intermediation.

The former Banks Law was issued, under decree 315, by the government of Juan Jose Arevalo in 1945. Its fundamental objective was geared towards achieving and balancing the monetary and banking reforms that were being carried out at the time, by economist Manuel Noriega Morales, first president of the Bank of Guatemala.

The former law, and even the modifications that are being implemented today, stipulate that only authorized institutions (34) will be able to make transactions in the Republic that involve the loan of funds obtained from the public through the receipt of deposits or the sale of bonds, titles, or debentures of any other kind.

The new modifications do not alter the fact that the banking institutions will continue to be ruled by the Monetary Council and that they have to be audited by the Banks Superintendency. Thus, the financial modernization process that is being furthered since 1993, is not affected by it.

The new Banks Law reduces the steps banks must take to open, transfer, or close new agencies, their respective

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working hour schedules, and promotes measures and mechanisms geared to encourage savings as a way to channel better the resources that will trigger economic growth with stability.

The new Banks Law demands that the local banking sector maintain a solvency level that will allow it to compete, in equal terms, with the international banking sector. Thus, it is necessary to adjust the legal precepts on minimum capital requirements to the international statutes on assets so that said requirements can be used specifically as a mechanism of solidity for the financial system that operates in the country.

With the implementation of the Banks Law modifications, the Monetary Council will be able, as of today, to have access to the organization and mergers of national banking institutions.

Likewise, the new law stipulates that the Monetary Council is the only one that can approve the establishment of national or foreign banks and that it will require a preliminary commitment from the bank: to guarantee the savings of the account holders with a sum proportional to the total amounts of its credit and debit holdings.

Honduras

IDB Extends Deadline for Approval of Financial System Law

PA3005014595 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 27 May 95 p 9A

[FBIS Translated Text] Tegucigalpa — The Inter-American Development Bank (IDB) has given the Honduran Government a two-month deadline to approve a new Financial System Law. The law has to be approved to prevent the nation from losing some $540 million to be invested in industrial reconversion programs.

The IDB had initially set a 2 June deadline for the approval of financial laws, but because the Honduran Congress will not approve the bill next week, the country would have forfeited the $60 million earmarked for private enterprise programs. In light of this situation, the IDB gave Honduras another chance by extending the deadline through July.

Eduardo Facusse, president of the Tegucigalpa Chamber of Commerce and Industries (CCIT), said that this means there is still time to obtain this money. Facusse said he was not overly concerned about the deadline established by the IDB, because such deadlines are frequently revised. He noted, however, that the country has needed these funds for years, but it will not receive them unless the law is approved.

Facusse said the approval of funds for industrial reconversion will prove beneficial, "because, given the circumstances and challenges we face in placing our products in a free market at the hemispheric level by the year 2005, we will be given a chance to conduct this modernization process, which we so urgently need." He added that the funds will enable the nation to update its equipment, thereby assisting private enterprise in achieving its ultimate goal.

Nicaragua

Presidential Decree on Telecommunications

PA2605174795 Managua EL NUEVO DIARIO in Spanish 23 May 95 p 5

[Decree by Nicaraguan President Violeta Chamorro issued in Managua on 19 May]

[FBIS Translated Text]

Government of Nicaragua

DECREE No. 19-95

The President of the Republic of Nicaragua

WHEREAS

I. That in order to guarantee greater benefits to the country from the "INCORPORATION OF PRIVATE INDIVIDUALS IN THE OPERATION, AND EXPANSION OF TELEPHONE SERVICES," it is convenient to first determine the destiny, and management of the profits originating from said incorporation.

II. That in addition to transfer, by way of public bid, of 40 percent of the shares of Telefonos de Nicaragua, Inc., to an enterprise or a consortium internationally renown for its experience in telecommunications. It has also been determined that up to 20 percent of said shares will be offered to the public to be purchased with Indemnification Payment Bonds [Bonos de Pago por Indemnizacion]. Likewise, a percentage of said shares will also be offered to the workers of the Nicaraguan Telecommunications and Postal Services Institute, Telcor, with easy payment terms.

III. That the solution to all property ownership conflicts is one of the highest priorities of this administration's economic and social policy, because of its significance in strengthening the State of Law, as well as in encouraging private investments.

IV. That all attempts at regulating property clearly established in the Government's Program, require legalizing all benefits granted through the Agrarian Reform program, recognizing those who duly purchased their land

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and homes, as well as ensuring equitable compensation to those property owners unfairly affected by the State's inability to return their assets.

V. That said overall solution will contribute to the economic development, and welfare of all Nicaraguans by ensuring social stability, in addition to the reorganization of the property system, and that it is this government's intention, within its economic and financial limitations, to compensate those claimants who have been benefited with a favorable reclaim compensation resolution.

VI. Law No. 180 approved by the National Assembly of the Republic of Nicaragua, and sanctioned by the Executive Branch on 27 July 1994 establishes in its Whereas Clause V, the agreement between both branches on the need to raise the value of the Indemnification Payment Bonds to strengthen the climate of stability and trust that will contribute to solve property conflicts in Nicaragua.

THEREFORE

By virtue of the faculties conferred by the Political Constitution,

HAS RULED

The following Decree of:

USE AND MANAGEMENT OF PROFITS ORIGINATING FROM THE SALE AND CONCESSION OF TELCOR SHARES.

Article 1: Net profits procured from the sale, by means of public bids, of 40 percent of the shares of Telefonos de Nicaragua, Inc., and from the value of the concession granted to an international enterprise or consortium renowned worldwide for its telecommunications expertise, will serve to reinforce the Compensation System of the Indemnification Payment Bonds, which will be deposited in a special account at the Central Bank of Nicaragua, separate from other bank's resources. These funds will be distributed as follows:

A. Fifty percent will be invested in purchasing financially sound securities recognized worldwide such as U.S. Treasury Bonds which will support the payment of the principal of the Indemnification Payment Bonds issued by the Government of Nicaragua.

B. Twenty-five percent would be spent in housing programs for medium and low income people allowing for a solid investment, that will serve as guarantee for the payment of principal and interest earned by the 1977 Compensation Payment Bonds at maturity.

C. Fifteen percent would be used in drawings, auctions, and public bids, which would make it possible to redeem the Compensation Payment Bonds ahead of schedule, as well as to serve as collateral for, support, and guarantee the payment of interest earned by the Compensation Payment Bonds, which will reach maturity in 1995 and 1996.

D. Ten percent would be used to create a Guarantee Fund to finance loans to small-scale agricultural, livestock, and industrial producers, as well as owners of small-scale tourist businesses and productive activities that turn out exportable products.

Article 2. The funds earmarked for financing housing programs will be handled through the financial institutions authorized by the Bank Superintendency. These authorized financial institutions will submit a fund utilization feasibility study, which will take into consideration the project's development, attention to lower income social classes, and fund management competence, among others.

Article 3. A committee is hereby created for the managing and controlling the use of the revenue obtained from the sale of Telcor shares and the concession. This committee will be made up of the following members:

a. The president of the Bank of Nicaragua, who will head it;

b. The finance minister, who will act as committee secretary;

c. The president of the Nicaraguan Housing Bank;

d. The president of the Association of Bond Holders;

e. One member of the private sector, who possesses ample experience in finances and capital markets.

Article 4. The committee created in the previous article will have the following functions and duties:

a. To organize and manage a bid for the purchase of securities that will guarantee the Compensation Payment Bonds.

b. To decide on the custody or trusteeship of the securities obtained as a guarantee for the Compensation Payment Bonds.

c. To approve a schedule to redeem the Compensation Payment Bonds in advance, according to Article 11 of the Finance Ministry Agreement No. 33-92 of 30 November 1992.

d. To decide on the approval of housing credit requests presented by authorized financial institutions and to guarantee the timely recovery of those credits.

e. To ensure that the resources assigned to the Guarantee Fund have a multiplier effect and finance small

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producers and proprietors in their agriculture, industrial, and tourist activities.

f. To ensure that the funds will be used according to the stipulations of the current decree.

g. To dictate its own regulations.

Article 5: The committee will not use the funds to finance the government's current accounts or reserves. Furthermore, those funds cannot be utilized to grant personal or commercial credits or to cancel debts or financial investments.

Article 6: The current decree will go into effect as of its publication in any written media, without preclusion of its subsequent publication in the DIARIO OFICIAL LA GACETA newspaper.

[Signed] Violeta Barrios de Chamorro

[Dated] 19 May 1995, Presidential House, Managua

Minister Clarifies Report on Telcor Privatization

PA2705155895 Managua LA PRENSA in Spanish 25 May 95 p 22

[Letter from Nicaraguan Finance Minister Emilio Pereira Alegria to LA PRENSA Director General Pablo Antonio Cuadra sent from Managua on 23 May]

[FBIS Translated Text] Don Pablo Emilio Cuadra, director general of LA PRENSA, Managua

Dear Don Pablo Antonio:

Moved more by sadness than surprise, I am addressing you as director of LA PRENSA, to strongly protest, as both a citizen and a member of the government, the deliberate move to confuse the people with today's banner headline: "Government Orders Sale of Telcor [Nicaraguan Telecommunications and Postal Services Institute]."

A simple reading of Decree 19-95 issued by the president of the Republic of Nicaragua, dated 19 May 1995, and published in the same LA PRENSA edition that contains this false headline, confirms with absolute clarity that the government has not ordered the sale of Telcor. To ensure that the Nicaraguan people receive correct information, I would greatly appreciate it if you published a correction as soon as possible to uphold the truth.

Telcor's privatization includes three important aspects: 1) a regulatory framework; 2) a public bid process; and 3) the requirement of a concession contract. This legal framework is pending and has been awaiting National Assembly debate and approval since August 1994 — that is, for 10 months.

The government continues to wait for the assembly to take the initiative as soon as possible to seize this great opportunity that God has given our nation to reduce by 25 percent our foreign debt, which is the world's highest per capita debt; to wait for it to substantially contribute to resolve the continent's worst property problems; and to wait for it to facilitate the influx of important resources to consolidate stability and the foundations for growth of our economy.

Utilization of the resources obtained from a privatization is unrelated to the structure and process of the privatization itself. In this particular case, the Political Constitution empowers the president of the Republic to earmark, before or after a privatization, such funds to help correct or resolve huge problems a government has inherited from the previous one. The problems are the main obstacles blocking the path to the reconstruction and development of Nicaragua.

In conclusion, I wish to cite a recent communique issued by the National Federation of Owners of Confiscated Property of Nicaragua and the Association of American Owners of Confiscated Property of Nicaragua [Asociacion de Confiscados Americanos de Nicaragua]:

"...Let us not waste this opportunity to offer stability to thousands of Nicaraguans and their families, neither to us as owners of confiscated properties or to the small landowners and peasants who will benefit."

Sincerely,

Finance Minister Emilio Pereira Alegria

Panama

Economist Cited on Elimination of Southern Command Jobs

PA3005020695 Panama City Circuito RPC Television in Spanish 2300 GMT 29 May 95

[Report by Alvaro Alvarado from the "RPC Television News" newscast]

[FBIS Translated Text] On Tuesday [30 May], the Southern Command will begin the process of furloughing some 800 Panamanian and U.S. civilians who work at the U.S. military bases. This work force reduction will initially take place on the Atlantic side in areas such as Ft. Davis and Ft. Gulick.

[Begin economist Jose Galan Ponce recording] In a study our firm, Indesa [Investigation and Development, Inc.], recently conducted at the request of nine banks, we showed that overall, in terms of employment, approximately 4,300 Panamanians will lose their jobs,

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while the economy will lose some $300 million worth of income. [end recording]

Nevertheless, one must take into account that assets will be reverting to Panama, and they have the potential of generating more income than the sum being lost, as well as a potential to generate thousands of jobs.

[Begin Galan recording] Unfortunately, the fact of the matter is this: What we are going to lose is certainty, while the proper use of those assets to be reverted remains uncertain. [end recording]

According to Local 907, approximately 392 workers will be dismissed without receiving any type of indemnification from the U.S. Government.

[Begin recording of Alonso Rodriguez, representative of Local 907] If there were some kind of subsidy or indemnification, with the United States and Panama looking for an exception to the law, many of us would have the chance to obtain such an indemnification. This would create jobs, because we could open our own workshops and become small businessmen. However, all of these people are going to be thrown out into the street. Many of these people are over the age of 45. [end recording]

Meanwhile, the Interoceanic Region Authority [ARI], in agreement with the government, is planning to ask the U.S. Government at any moment to delay the reversion of Ft. Amador, which had been scheduled for 31 January 1996. This is because Ft. Davis and Ft. Gulick are due to revert in August and September.

[Begin ARI President Carlos Mendoza recording] The area of Ft. Davis is 4.5 times larger than that of the city of Colon. The area to be reverted in Gulick-Espinar is also very large. One of the tasks already being undertaken is the training of Canal Police units to protect those areas. [end recording]

Local 907: Military Contractors Hiring U.S. Personnel

PA3105042695 Panama City LA ESTRELLA DE PANAMA in Spanish 30 May 95 p A-16

[Report by Esteban Huertas]

[FBIS Translated Text] Alonso Rodriguez, Local 907 secretary of education and training secretary, charged yesterday that U.S. contractors who work on the military bases that will revert to the country under the Torrijos-Carter Treaties are hiring U.S. personnel.

Rodriguez regretted that U.S. citizens are being recruited to do tasks currently being performed by Panamanian workers on the military bases and said the nationals should really be allowed to remain at their jobs.

The union official also said that out of the 797 dismissals announced by the Southern Command, approximately 392 people will go home "without any benefits, compensation," or subsidies to face the economic expenditures necessary to sustain their families.

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Argentina

Menem Highlights 'Firm Attitude' of Brazilian President

PY2605183395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1304 GMT 26 May 95

[FBIS Translated Text] Buenos Aires, 26 May (NA) — President Carlos Menem today highlighted "the firm attitude" of his Brazilian colleague, Fernando Henrique Cardoso, in the conflict of the state oil workers of that country.

"I agree with the firm attitude that President Cardoso has adopted in order to continue the transformation process in his country," the chief of state stressed in remarks to Radio 9.90 while on board the destroyer Almirante Brown.

Menem Certifies That Patents Law Will Abide by GATT

PY3005172495 Buenos Aires TELAM in Spanish 2041 GMT 29 May 95

[FBIS Translated Text] Buenos Aires, 29 May (TELAM-SEM) — On 29 May, President Carlos Menem announced that his administration will settle the controversy over the patents bill through an executive branch regulation that respects GATT's agreements.

Menem, speaking on Radio America, said: "My idea is that the Uruguay Round of the GATT talks should be fully enforced by means of a regulation, which is an executive branch prerogative. We would thus solve the problem."

Meanwhile, Foreign Minister Guido Di Tella said he was confident that Argentina would be able to implement a patents law that complies with GATT regulations. He estimated that the country will adopt a five-year transitional stage before actually starting to pay royalties to foreign pharmaceutical companies.

Di Tella told Radio Del Plata that "we are convinced that the best thing we can do for our country is to draft legislation that abides by GATT regulations."

President Menem disclosed that he had told his U.S. counterpart Bill Clinton his decision to deal with the controversy over the patents bill through "an executive branch regulation" respecting GATT's agreements.

The Argentine head of state reasserted that "I told (Clinton) that my idea was to fully enforce GATT's agreements."

Menem added: "Pursuant to the new Constitution, there is no other legislation that ranks above this one," as it establishes the primacy of international treaties.

Court Discredits Paraguayan Judge's Leads in AMIA Case

PY3005193795 Buenos Aires LA PRENSA in Spanish 27 May 94 p 15

[FBIS Translated Text] The case involving a group of fundamentalist Muslims [a group of seven Lebanese and Brazilian citizens detained in Paraguay and sought by Argentina] has a lot to do with Judge Carlos Monges Lopez, 36. The participation by this judge in a case linked to the investigation into the AMIA [Argentine-Israeli Mutual Association] bombing and the suspicion that falls on Ciudad del Este, a city that Mosad and the CIA consider "a center for Islamic terrorism," has been controversial.

Monges presided over the court hearing for Akram Farhat de Hussein, 33, a Lebanese citizen arrested a month after the attack on the AMIA. He was being sought because of a Lebanese court petition to extradite him to Lebanon on charges of alleged swindle. But the judge, following local reports, thought he had found a link with those who planned the attack on the AMIA.

Judge Juan Jose Galeano sent a delegation to check. With respect to the case, a member of Judge Galeano's office recalls: "He left us waiting for hours, and did not give us any answer. I think he realized he was biting off more than he could chew." Farhat was released after three months of arrest for lack of evidence. In November 1994 LA PRENSA talked with Monges at his court office in Asuncion:

— "I was with the person who had carried the bomb (that was used on the embassy) to Buenos Aires eight days before. He is a Paraguayan citizen with residence in Ciudad del Este. I did not study the case further, because the incident occurred in Argentina, or outside of my jurisdiction. But I did not see that there was any interest in the case. It was a trail that had to be followed, but the Argentine authorities never asked me anything again."

— "This person was in charge of carrying the third bomb, which had to explode during the Jewish festivities."

— "He knew he was carrying the bomb. He was ready to testify. But the head of the Paraguayan intelligence department released the information to the press. Then he disappeared. He was going to provide basic information. He wanted to negotiate in order to get proof and be able to capture those responsible."

— "A reporter said I was looking for promotion. But it would be absurd to risk my life to get a promotion I do not need."

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The answer provided by Galeano's court killed all expectations. Court officials said that Monges followed rumors, not the evidence, and that he had become "a machine for creating false expectations."

Explosive Device Discovered in Defense Ministry

PY3005005595 Buenos Aires TELAM in Spanish 2127 GMT 29 May 95

[FBIS Translated Text] Buenos Aires, 29 May (TELAM-SEM) — The discovery of an explosive device caused an upheaval this afternoon in the Defense Ministry, which was evacuated when a cardboard box containing a cable connected to the head of a hand grenade was discovered. The package was addressed to Jorge Baeza, military affairs secretary.

National Border Guard personnel posted at the ministry, which is located at 255 Paseo Colon Avenue, became suspicious of the box and it was immediately taken to an office where experts in explosives inspected it.

Official ministry sources reported that with the help of a specially trained dog, the technicians confirmed the existence of the explosive device.

The device was quickly transferred to the Martin Guemes Border Guard Officers School in Ciudad Evita, where the device was going to be exploded.

The sources that were consulted indicated that the device, covered with a protective funnel, was placed in an armored vehicle for its trip to Ciudad Evita.

The cardboard box arrived at the ministry through a private messenger service and it was addressed to Jorge Baeza, military affairs secretary, according to the same sources.

The box was taken to the 9th floor of the building, where Minister Oscar Camilion and Planning Secretary Guillermo Etchechoury have their offices.

The Border Police evacuated the ministry building immediately after the box was discovered.

Traffic was cut off along Paseo Colon Avenue, between Alsina and Aguero streets, for the transfer of the device to Ciudad Evita.

Bolivia

Foreign Minister To Attend OAS Assembly

PY2605145795 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 17 May 95

[FBIS Translated Text] Foreign Minister Antonio Aranibar will briefly interrupt for a day an official tour of four countries he started on 21 May. Foreign Minister Aranibar will arrive today from Quito, Ecuador, where he attended the Rio Group foreign ministers meeting. Aranibar extended his stay in Ecuador for three days to discuss bilateral issues.

On 27 March, he is scheduled to dedicate a mural by Luis Silvetti at the Foreign Ministry main hall in La Paz. It is worth $30,000.

In the evening, Foreign Minister Antonio Aranibar is again scheduled to travel. This time to Japan where, together with Ecuadoran Foreign Minister Galo Leoro and Colombian Foreign Minister Felipe Lampreira, they will represent the Rio Group and negotiate commercial agreements.

Aranibar will be in Port au Prince, Haiti, from 1 to 7 June to attend the OAS General Assembly meeting. Aranibar will end his tour on 8 June in Venezuela where he will attend Andean Development Corporation anniversary ceremonies.

Aranibar Views Reforms, Integration, Eradication

95SM0334A Cochabamba LOS TIEMPOS in Spanish 30 Apr 95 pp 1-2, 9

[Report on 28 April interview with Foreign Minister Antonio Aranibar at breakfast meeting with LOS TIEMPOS writers in La Paz: "Powerful Interests Resist Revolutionary Changes"]

[FBIS Translated Text] Bolivian Foreign Minister Antonio Aranibar Quiroga said today that "powerful interests are resisting the revolutionary changes being made by the government of President Gonzalo Sanchez de Lozada." Aranibar made the statement during a luncheon to which he had been invited by LOS TIEMPOS, held in its modern offices in this capital city.

Aranibar, who was accompanied by his press director Erick Torrico, said the purpose of the three fundamental laws: the Education Reform, the Law on Popular Participation, and the Law on Capitalization, is "to undo the entire government structure set up in 1952."

Aranibar said that in the case of the Education Reform, sectors have emerged, particularly in the labor unions and management, that now stand to lose the enormous political power they have enjoyed based on two factors: First, it was the teachers' union organizations that appointed the authorities, which they will no longer do. Second, they managed a fund of some $700,000 a year, contributed by the teachers in the form of compulsory dues paid to their union organization.

The foreign minister delivered a lengthy explanation stating that henceforth, it will be clearly established that there will be free unionization. The unions will not be eliminated, but the teachers will decide voluntarily

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whether or not to pay into their organization and do so within the framework of a free profession.

He added that both situations are the last vestige of the Reform of the Education Code created by the MNR [Nationalist Revolutionary Movement] in 1952, a code that constituted a kind of cogovernment that managed education and gave the labor organizations immense power.

Mistakes

Aranibar admitted, however, that there were two errors in the Education Reform Law that union leaders exploited in their own behalf.

He said the two failings, which could be amended, are: first of all, that a teacher would have to take examinations for every promotion and that anyone not passing would be stricken from the teaching rolls. Aranibar said this was a mistake. He cited the example of the Armed Forces, in which officers must take exams in order to be promoted, but where failing does not mean they are kicked out of the institution; rather, they simply are not promoted further.

The second flaw in the Education Reform Law, according to the foreign minister, is the decision that while teachers must have an academic degree, the degree could be from a liberal profession totally unrelated to any teaching credential.

"This is an excess that has to be corrected because we cannot ignore teaching credentials," Aranibar said.

He said the Education Reform Law is sponsored solely by the Free Bolivia Movement [MBL] and that as a result, it will be implemented.

Popular Participation

Aranibar, who is also a leader of the cogoverning MBL, likewise claimed sponsorship of the Law on the Popular Participation for his party, a law he said is far more advanced than the Decentralization Law.

He said the law has roused "resistance" among those regional economic and political sectors that had the greatest interest in a centralist state defining public works contracts in a dubious and not always clear manner.

Aranibar stated that what those who are challenging the Law on the Popular Participation and proposing decentralization of the country want is to promote a "minicentralist" optic based on the department capitals, now thought to be where decisions on types of projects and their quality in provincial and rural areas should be made.

Aranibar defended the Law on the Popular Participation because it transfers political power and resources to the municipal and sectional governments that seek the active participation of the indigenous and rural communities.

Capitalization

The foreign minister said that capitalization is affecting all bureaucratic sectors created by the 1952 structure of government because "many people made their fortunes based on the system of government prebends" and will no longer be able to do so.

He maintained that "many entrepreneurs have lived off the government by being awarded contracts in processes that were not transparent, much less competitive."

However, Aranibar admitted the need for a Decentralization Law that will be passed by this coming 6th of August—but not in order to create a repeat of the centralism that has existed up to now and replace it with a "minicentralism" revolving around the departmental capitals. Rather, it will essentially maintain municipal and sectional political power, so that every town will set up its own development patterns.

Foreign Minister Admits Difficulties in Integration Processes

The integrationist theory of Bolivia "Four Plus One" with Mercosur [Common Market of the South] and the macroregional formula "Five Plus Four" [Andean Pact and the South American Common Market] are facing serious problems relating to the formation of a free trade zone. Bolivian Foreign Minister Antonio Aranibar Quiroga made the admission this morning at a working breakfast interview with LOS TIEMPOS.

As work proceeds on the formation of a hemispheric free trade zone by the year 2005, as decided at the Summit Conference of Presidents held in Miami last year, disagreements between the Andean Pact and Mercosur on ratifying bilateral agreements of member countries beyond 30 June stand in the way of the shared achievement of a vast market from Canada to Argentina in the biggest integrating process in the world marking the beginning of the 21st century.

Terms

The head of the Ministry of Foreign Relations said meeting the date of 30 June, the time set by the government, was possible, but in concert with other governments of the Andean Pact and Mercosur. However, negotiations planned to ensure the formation of a free trade zone between Bolivia and Mercosur and between the Andean Pact and Mercosur have not reached any conclusion.

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Nevertheless, Aranibar said they are still working to meet the deadlines set.

Bolivia believes it is still possible, he said, because it is the political determination of the government of President Gonzalo Sanchez de Lozada to accomplish the goal. Within the country, the necessary processes of coordination with the national private sector have gone forward with respect to Bolivia's position on Mercosur negotiations.

"We have reached agreements between the country's public and private sectors, albeit not without difficulties or problems, and we have presented a united position in the technical talks held," the official in charge of the country's foreign policy said.

Nevertheless, within that process, there has not yet been any response from Mercosur making it possible to evaluate precisely when agreements will be reached to which our country can refer. Consequently, the deadline of 30 June may or may not allow enough time. As a result, the situation is one of attentive, active waiting looking to the drafting of a negotiating position, the foreign minister said.

Andean Pact

What is happening within the Andean Pact, he said, is something that emerged from a very important meeting of foreign ministers in Santa Cruz de la Sierra in January 1995. The meeting outlined a path leading to the institutional relaunching of the Andean Pact, which path has two fundamental "legs": One is the need to redesign the integrationist strategy including, among other things, how the Andean Pact will be articulated and converge with Mercosur. The other leg is the need for an institutional redesigning of the Andean Pact.

According to the foreign minister, officials have realized the need for five meetings prior to the Summit Conference of Presidents planned for September in Cuenca, Ecuador, a process that should have begun relatively soon. It was assumed that within a month of the Santa Cruz conference, the first of the five would have been held already. However, because of the unfortunate incidents between Peru and Ecuador, that meeting could not take place. The first of the assemblies was just held on Monday and Tuesday of this week in Quito, far behind schedule.

Aranibar said all the countries were present in Quito and that the next meeting is planned for next month in Peru. In other words, progress has started down the path outlined in Santa Cruz, a sign of the political will burning in the prospect of reviving the Andean Pact with a newly designed integrationist strategy and a modernized institutional organization adapted to the needs of the past.

"In other words, it is clear that Bolivia has a very precise integrationist strategy. We are working to consolidate our presence in the Andean Pact, we are working to build special ties with Mercosur, and we are guiding this entire process of articulation and convergence of subregional integration projects based on the prospect of the consolidation of the free trade zone by the year 2005. This is the hemispheric free trade zone for the year 2005 that we agreed upon at the hemispheric summit conference in Miami," the foreign minister said.

Revelations on steps taken by government minister Carlos Sanchez and Minister of Justice Rene Blatman in the United States concerning the issue of the eradication of coca and the future Extradition Treaty

"Damned if you do; damned if you don't!" This is how the minister of foreign relations expressed his reaction to harsh criticisms he has received because of trips he has made to various international events, particularly relating to the issue of drug trafficking.

Speaking with LOS TIEMPOS writers in our regional offices today, the foreign minister revealed various aspects of the foreign policy he conducts as head of Bolivian diplomacy. He works within a framework in which personal contacts with high-ranking government authorities from other countries are an overriding need, given the speed with which modern diplomacy is conducted.

Aranibar said that those who analyze and question the foreign policy of the government of President Gonzalo Sanchez de Lozada have a "biased, self-seeking" opinion, and question—whether or not based on the facts—the different missions that the foreign minister heads.

Opposition criticism amounts to: "If I travel, it is because I travel, and if I do not travel, it is because I do not. Damned if you do; damned if you don't. This situation is very clear and has recently become manifest. Anyone wanting to see things in a transparent manner knows this. I have been the target of merciless, unrelenting, and absolutely unfair and disproportionate criticism from the opposition for going to Vienna and for being in Paris, engaging in missions of multilateral diplomacy indispensable to the country."

MBL Will Cogovern Until 1997

The historic leader of the MBL, a spinoff from the MIR [Movement of the Revolutionary Left], said today that he is sure to cogovern until 1997 "because the

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plan of changes and transformations that we have proposed requires a complete term of government and perhaps longer." Aranibar made the statement during the working breakfast held with writers from this regional office of LOS TIEMPOS.

Aranibar explained that when the pact with the MNR was signed, it was done precisely within the context of the prospect of changes beginning to be implemented and carried out in the different socioeconomic and political sectors of the country.

"This pact must go beyond the natural differences that arise between the parties comprising the government coalition," Foreign Minister Antonio Aranibar said.

Aranibar said, "We have made great progress along this process of change and, consequently, our commitment is ever greater." However, he added that there is also a political cost.

"The balance sheet so far is all positive, and we must go on working to make the changes irreversible for the country and for the victory of this process of change," Aranibar said.

MBL leaders recently told local newspapers that sectors of the MNR were anxious to see the MBL leave the government. There has been occasional speculation that that party would break with the MNR.

The foreign minister ruled out any possibility of such a break today.

Aranibar also said the commitment is expressed in the authority and sponsorship of the Education Reform and the Law on Popular Participation, and the mark the MBL has left on other laws of structural transformation.

Along those same lines, Aranibar said there were those interested in depicting the record of the head of the Ministry of Foreign Relations as one "continuous trip" without any apparent concrete results. It has been purely coincidental, he said, that the country has had social or political problems at precisely the same time he has had to be on official missions representing the country.

Two Trips Questioned

The trips of the ministers of government and justice to the United States gave rise to a series of speculations about alleged difficulties, internal discrepancies, and even "opposition" to Aranibar's activities from the American Embassy.

None of this is true, the minister said, explaining the real situation surrounding the trips of Minister of Government Carlos Sanchez Berzain and Minister of Justice Rene Blattman. The two government officials went to Washington to lay the foundation for discussions in compliance with the so-called "ultimatum" stating that the "certification" will not be lifted if the Bolivian Government meets the goal of eradicating 1,750 hectares of surplus, illegal coca and signs the new extradition treaty.

The justice minister's trip to the United States must be seen as part of the technical aspect of negotiations for the new extradition treaty in which, given the legal issues at stake, our country's Ministry of Justice and the U.S. Justice Department must be involved. As a result, it was—and is—indispensable to emerge from a stalemate in which the American criterion of the existence of an accord already negotiated and agreed upon between the government of Bolivia and the United States, the 1990 version, prevailed.

In the opinion of the current government, that treaty is not in the best interest of the country, as a result of which it elected a technical approach to the problem. It was decided to send Minister Blattman to lay the basis for negotiations that will in all certainty result in the signing of a new extradition treaty.

According to Aranibar, all aspects of this first phase of discussions are a preliminary to real negotiations (inasmuch as the Americans still do not consider them as real negotiations, but rather, technical considerations, dialogues or discussions, reluctant to concede that this is a genuine, authentic negotiating process) that will probably begin as a result of this trip and on which the Americans will give their views in the days to come.

Aranibar also reported that the entire process of interviews has been directed by the president and the foreign minister. The minister of justice has been in continuing contact with, informed, and consulted with the Ministry of Foreign Relations. "In other words, there has been no transfer of responsibilities or any invasion of authority by the Ministry of Justice," he said.

With respect to the issue of the presence of Minister Sanchez Berzain in Washington, it initially resulted from a previous meeting between the foreign minister and American Undersecretary Robert Gelbard in Vienna. At that meeting, the basic criteria of the bilateral relationship were set forth justifying the presentation of the American "certification" on 2 March, containing the "ultimatum."

"This meeting is the result of a diplomatic process taking place through the normal, usual channels of the bilateral relationship," the minister said, adding that the Law on Ministries signed by the government of President Gonzalo Sanchez de Lozada grants the Ministry of Government total control of both facets of

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the war on drug trafficking: interdiction and alternative development.

In addition, the minister revealed that the discussion of the reduction of 1,750 hectares had to take place in the United States at the highest levels because there existed the broadest predisposition to overcome the problem of "decertification" and comply with the stipulations of Law 1008. The latter concerns the voluntary eradication of surplus coca plants and the payment of $2,500 per hectare.

"Such a decision had to be made within the framework of more complete action on the government's plans on the matter. This was the criterion that Minister Sanchez Berzain took with him. It is absolutely consistent with the internal organization of the Bolivian Executive Branch and the nature of the fight against drugs in the modern world as the United States and our country fit into the picture. In other words, there is absolutely no serious, well-grounded reason for that impression (of an invasion into and division within the Executive Branch) to persist," he said.

Eradicating Coca in a Concerted, Peaceful Manner

Antonio Aranibar Quiroga, head of Bolivian diplomacy, affirmed today that the Bolivian Government is seeking the eradication of surplus coca crops in a concerted effort with producers so that it will happen peacefully and without any need to resort to force, "which no Bolivian wants."

Foreign Minister Aranibar said this weekend that "we will obviously use no methods running counter to the national interest." The absolute deadline for the eradication of surplus coca crops is the end of June.

The role of Bolivian civil society will have a great effect and influence, aware as it is of the need to "move toward the reduction of the production of surplus coca in the country," the foreign minister said.

Aranibar added that it is important that both authorities and coca growers consistently move forward on this task of eradication in a concerted fashion, as with that of the official land register. "Together we shall arrive at concerted ends, which is what the government is after," he said.

Coca Crops

According to the latest statistics from sources in the American Embassy, which are the most documented and verified, by December 1994 the country had a total of 48,100 hectares in coca crops. Leaf production amounted to 89,800 metric tons.

In 1993, there were 47,200 hectares in coca, of which 12,000 were legal, located in Las Yungas and La Paz. There were 9,160 surplus hectares and 28,440 illegal hectares, 95 percent in Chapare. Almost all the coca in that region is illegal.

Based on such data and considering the provisions of the Law on Coca and Controlled Substances (1008), the eradication of such coca crops must not entail any economic compensation, which fact complicates the tense situation in Chapare.

Union Leadership

In the most recent social conflicts between the COB [Bolivian Labor Federation] and the government, coca leader Evo Morales and others were taken prisoner, leaving the peasants without spokesmen. However, the government embarked upon negotiations with intermediate-level union leaders. Weeks before, it arranged voluntary eradication with the "Yungas del Chapare de Tiraque Tropical" Federation. The agreement is working so far with no complications.

However, the government urgently needs to work with the other four union federations, which join with their rank-and-file affiliates in insisting on the release of their leaders. Nevertheless, government officials have denied any such possibility so far. Just this Thursday, Evo Morales was banished to the tropical town of Ramon Dario.

Foreign Minister Aranibar stated that coca producers must first comply with the law. "The law stipulates that under a state of emergency, there are certain types of restrictions by which union leaders must abide."

"After all, in the final analysis, those inciting the peasants to engage in illegal actions are helping generate a climate that would in the end require the use of force to eradicate surplus coca crops. No one, beginning with the government, wants that," he said.

Brazil

Minister Announces Broad Economic Deindexation

PY3005160795 Sao Paulo AGENCIA ESTADO in Portuguese 0002 GMT 27 May 95

[By Ribamar Oliveira]

[FBIS Translated Text] Brasilia, 26 May (AE) — As of 1 July the economy will undergo a broad deindexation process covering the financial market, taxes, and contracts. The latter, however, will not be invalidated, as the government will respect the terms of existing contracts. This announcement was made today by Planning Minister Jose Serra. "The government will

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enforce a broad deindexation program, which will not cover only salaries," Serra said.

The minister declined to either confirm or deny that the government will propose free salary negotiations in July. "Free negotiations are possible right now," Serra said. He ruled out the idea of enforcing a salary indexation policy, which was being discussed at the Labor Ministry. "It is very unlikely that that alternative would be adopted."

The minister criticized a proposal to give automatic salary compensation to workers earning up to three minimum salaries, as had been proposed by some political leaders. "Even though the proposal reflects good intentions, the idea will not work," Serra said. According to him, enterprises will end up extending to all their workers the salary rule applying to those earning only up to three minimum salaries.

Full deindexation of the economy, which the government will implement as of 1 July, is essential to reduce the inflation rate from its current 30 percent level to less than 10 percent, the minister explained. "If we do not implement deindexation we will not manage to make inflation drop to less than 10 percent a year," he said. "We will continue with the offensive against inflation, seeking to preserve workers' salaries."

The minister denied differences in doctrine over the deindexation process within the economic team. "There are differences of a practical nature over the advantage of adopting some measures, over the possibility of adopting measures right now," he explained.

Though Serra denied it, at the beginning of the discussions Central Bank President Persio Arida was practically the only one to advocate immediate, full deindexation of the economy. Finance Minister Pedro Malan, Labor Minister Paulo Paiva, Civil Household Chief Clovis Carvalho, and Serra himself were in favor of a "transition phase" prior to full deindexation.

Serra declined to explain how deindexation will work in the financial market and in the taxation sector. In this regard he was even less specific. "The deindexation program will cover salaries, financial instruments, and taxes," he said.

He did not confirm whether President Fernando Henrique Cardoso's decision to preestablish interest rates for the agricultural sector is the first step toward deindexation. "I would not say it is the first step, but it is part of it." The minister only hinted at what might happen with the financial market. "Indexation should not affect interest rates."

Envoy Says UN Must Handle Case of Hostages in Bosnia

PY3005235195 Rio de Janeiro O GLOBO in Portuguese 30 May 95 p 20

[Report by Jose Meirelles Passos]

[FBIS Translated Text] Washington — Brazilian UN Ambassador Celso Amorim yesterday said that the Brazilian Government can do nothing directly to obtain the release of Captain Harley Alves, who is still being held hostage as a human shield by the Bosnian Serbs, or to protect the life of Captain Joao Batista Bezerra Leonel Filho, who is a member of the UN team of observers surrounded by Serbian troops. Capt. Bezerra Leonel Filho has been described as a "potential hostage."

Amorim said: We are dealing with de facto authorities, with whom we maintain no relations. The matter must be handled by the United Nations because, after all, our officers are there as UN representatives. For the moment, it would be best not to disperse our efforts.

Amorim said Brazil views favorably a recent move by several UN member countries to the effect of rethinking the presence, in certain parts of Bosnia, of UN peacekeeping forces, especially military observers who must be unarmed while discharging their duties.

Brazilian administration officials were unable yesterday to contact Capt. Alves. Amorim talked on the phone with General Nilton Bonuma, who heads the military observers in Zagreb. Gen. Bonuma talked with Alves over the radio on 28 May. The conversation was authorized by the Serbian captors, who demanded that they speak in English so that they could monitor the conversation. It was not possible to speak with Alves again yesterday, however.

Further on Contemplated Legal Steps Against Oil Workers

PY3105032095 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 30 May 95

[FBIS Translated Excerpt] Petrobras [Brazilian Petroleum Corporation] has warned the oil workers: After 30 days of striking, they can legally be fired for abandoning their jobs. Their strike will be one month old in two days. [passage omitted]

Planalto Palace spokesman Sergio Amaral today spoke about the losses Petrobras is suffering as a consequence of the strike:

[Begin Amaral recording] The losses amount to $13 million per day as a consequence of losses in oil production, in gas production, in oil refining, and in additional distribution costs. [end recording]

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In order to return to work, the oil workers are no longer talking about economic issues. They are in a hurry. In two days the strike will be 30 days old, and, according to the law, any worker who misses his job for 30 days can be dismissed for abandoning work. This is a legal dismissal step, and it means that the fired employee is not entitled to withdraw money from the Severance Pay Fund [FGTS], or to a 40 percent compensation from the FGTS or paid leave.

In order to warn the oil workers of the risk they are running, Petrobras will send each one of them a letter tomorrow asking them to return to work before it is too late.

[Begin unidentified Petrobras representative recording] Unfortunately, dismissal is a right the company will have on the 30th day of strike, however, I hope the oil workers will return to work so that no one else will be fired. [end recording]

Meanwhile, the Attorney General's Office requested that criminal charges be pressed against the oil workers on strike. President Fernando Henrique Cardoso ordered the justice minister to ask the attorney general what legal measures are being adopted. During a meeting with the attorney general and the labor prosecutor, the justice minister learned that the Federal Police will open an investigation regarding the oil workers based on crimes against labor organization. The oil workers violated two articles of the penal code: One dealing with bringing labor of a collective interest to a halt, and another dealing with occupation of industrial premises and sabotage. The prison sentences for these crimes range from six months to three years.

[Begin Justice Minister Nelson Jobim recording] We are enforcing the law. That is, the government — specifically, the Attorney General's Office — is adopting the decisions it is obliged to take by the Constitution. [end recording]

The government is also filing lawsuits against the oil workers for causing property damage. The labor prosecutor will order the oil workers' unions to pay the daily 100,000-real fine established by the TST [Superior Labor Court]. The oil workers' unions that refuse to pay this fine will have their bank accounts frozen and the labor union contribution paid by companies will be withheld.

Petrobras [Brazilian Petroleum Corporation] is threatening to fire more workers if the oil workers do not return to work. Of the 47,000 Petrobras oil workers, 11,000 are still on strike.

Petrobras Not To Negotiate With Oil Workers

PY3105033095 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 30 May 95

[Live report by Alexandre Garcia from Brasilia]

[FBIS Translated Text] The idea of the oil workers' federation with regard to asking politicians to mediate has come up against a serious obstacle: The state of law in a democracy, by which no one, not even the government, can override a court ruling. This is why Petrobras [Brazililian Petroleum Corporation] is warning that it will only negotiate after the court decision is respected, that is, after the strike is lifted. Moreover, Petrobras says it will only negotiate with oil workers, not with the leaders who have led them to this strike, and much less with politicians.

Not long ago, the execution of the legal measures that were suggested today had already begun. The text of a lawsuit against the oil workers' unions for having harmed the interests of society by illegally halting their activites is ready. Tomorrow the Superior Labor Court will begin to collect the 100,000-real daily fine from the oil workers' unions responsible for the strike. In addition, tomorrow the Federal Police will begin an investigation to press charges against the Cubatao oil workers for occupying an industrial installation to prevent other employees from working.

Chile

Frei Speaks on Supreme Court Ruling in Letelier Case

PY3105035095 Santiago Universidad Catolica Television Internacional in Spanish 0140 GMT 31 May 95

[Address to the nation over voluntary national radio and television network by President Eduardo Frei from the O'Higgins Room of La Moneda Palace in downtown Santiago on the occasion of the Supreme Court ruling on the Letelier case — recorded]

[FBIS Translated Text] Men and women of Chile:

Today the country has been informed of the Supreme Court ruling regarding the assassination of former Foreign Minister Orlando Letelier.

In view of its seriousness, this crime was specifically excluded from the amnesty decree issued in 1978.

Chilean society must receive this ruling with a calm and noble spirit. This ruling was imparted by a competent court that is a member of an independent government branch. We must all fully abide by it in compliance with the Constitution and the laws.

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Beyond any genuine differences, in the past few years we have gradually achieved the reconciliation of our nation. I am certain that in the recent past, all Chileans, deep in their consciences, have often been forced to come to terms with a past that has divided and caused much suffering to the Chilean people. All Chileans had to choose between hatred and vengeance or work, peace, and justice within the framework of democracy. The immense majority has chosen the path of full reconciliation, and today's ruling makes a decisive contribution toward this end.

In my capacity as head of state, I clearly assert that this ruling cannot and should not be used to pass judgment on national defense institutions. Our national defense institutions are obedient and are not deliberating bodies. Chile respects its Armed Forces because of their professionalism, their hierarchical order and discipline.

At this time, I urge all Chileans to reassert our commitment to peaceful coexistence and the prevalence of the laws for the good of the fatherland.

I trust that good sense and cordiality will prevail over the return of hatred and resentment. If, on the contrary, we are unable to assume our responsibilities, if we are only driven by hatred and passion, we would be jeopardizing the basis of the peaceful coexistence we are experiencing, and all that we have achieved in terms of democracy.

In the last few months, I have repeatedly stated that Chile is facing a historic opportunity because this generation and future generations of Chileans will be able to build a more developed and united country. Future generations of Chileans will be unforgiving if we, today, again allow past hatreds to rule our lives. Our history clearly reminds us that the best intentions and ideals become destructive if they are not expressed through democracy and the laws.

The government will comply with its duties on the basis of the moral principles that inspire it; respect for individual rights and the institutions in compliance with the Constitution and the laws we have sworn to uphold.

All of us who have taken this oath must abide by it. Our present and future task is to safeguard democratic order and the dignity of individuals, which are the essence of our peaceful coexistence.

Tonight, I appeal to all Chileans, particularly to those who have greater responsibilities, to persevere in achieving this goal. Chile and its willingness to exist must prevail over any situation.

I urge all Chileans to continue working for the greatness of the fatherland.

Good evening.

Interior Ministry Official on Situation After Court Ruling

PY3105030795 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 31 May 95

[FBIS Translated Text] We have a live relay by Patricia Silva from La Moneda Palace. Go ahead, Patricia.

[Begin relay] [Silva] Good evening, Jorge. We are here in La Moneda Palace with Interior Under Secretary Belisario Velasco. Mr Velasco, we would like to ask how the government evaluates the problems we saw on the screen.

[Velasco] The evaluation made is quite positive. We spent all day with the General Osvaldo Munoz, director of the Carabineros Security Division, who took the necessary measures to ensure that calm prevails in the country. Naturally, there were some events, especially in Santiago, related to public order. A group of about 200 to 300 youths first went to the court building and then to Bernardo O'Higgins Avenue. They threw rocks, set newspapers on fire, and moved some of the barriers set up by Carabineros, but the truth is, it was a minor incident of disorder that could even be considered normal in an event of this nature. In the rest of the country, from Arica to the extreme south, there is absolute tranquillity. In reality, there was no event to regret.

[Silva] What is the situation now in Fresia or in the nearby areas where General Manuel Contreras lives?

[Velasco] According to the information received by the Santiago military intendant five minutes ago, there is absolute tranquillity in all regions and provinces. This is an example of the civic maturity of Chileans, who know how to respect the ruling of an independent branch such as the Supreme Court.

[Silva] What security measures will the government take to prevent disturbances tomorrow, or in the next few hours?

[Velasco] Naturally, we and the Carabineros took the necessary measures to prevent disturbances tomorrow or the following days. There may be isolated events, with students throwing rocks, throwing papers. But these are minor events. Those responsible will be detained and placed under the jurisdiction of the appropriate court, but once their addresses are verified, they will be released. These are minor events.

[Silva] Thank you very much, Mr. Velasco. We now return to the central studio. [end relay]

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Contreras, Espinoza Sentenced in Letelier Case

PY3005225795 Madrid EFE in Spanish
2224 GMT 30 May 95

[FBIS Translated Text] Santiago, 30 May (EFE) — In a definitive ruling that cannot be appealed, the Chilean Supreme Court today sentenced General Manuel Contreras, former chief of the DINA [National Intelligence Directorate], the Chilean military regime's secret police (1973-90), to seven years in jail for the assassination of Orlando Letelier.

Brigadier Pedro Espinoza, former DINA operations chief, who was charged along with Contreras for being a mastermind behind the crime involving Letelier that was perpetrated in Washington in September 1976, was sentenced to six years in jail.

Mexican Foreign Secretary Pays Brief Official Visit

PY3005134295 Madrid EFE in Spanish
0031 GMT 29 May 95

[FBIS Translated Text] Santiago, 28 May (EFE) — Mexican Foreign Secretary Jose Angel Gurria arrived today in Santiago for a brief official visit, during which he will meet with Chilean President Eduardo Frei Ruiz-Tagle on 29 May.

Gurria arrived from Buenos Aires, and his first activity tomorrow will be a working meeting with business leaders of the Production and Trade Confederation (CPC), with whom he will analyze the current trade levels and the development of the economic complementation agreement between the two countries.

Later, the Mexican foreign minister will meet in a working session with his Chilean counterpart Jose Miguel Insulza to exchange ideas on the forthcoming negotiations for Chile's entry into NAFTA, which is comprised of Canada, Mexico, and the United States.

At noon (1600 GMT) Gurria will meet President Eduardo Frei at La Moneda Palace, and later he will grant a news conference at the Chilean Diplomatic Academy.

The Mexican minister's agenda includes meetings with the president of the Senate, Gabriel Valdes, the president of the Chamber of Deputies, Jaime Estevez, and with Chilean Finance Minister Eduardo Aninat.

Jose Miguel Gurria will later lecture on Mexican foreign relations and integration policies at the Economic Commission for Latin America (ECLA) building.

The Mexican foreign minister will return to his country early on Tuesday morning [30 May].

Colombia

FARC Observes Anniversary With Attacks, Highway Blockage

PA2805210095 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish
1800 GMT 28 May 95

[Report by Alba Judith Santollo; from the "NTC News" newscast]

[FBIS Translated Text] A major guerrilla offensive is currently taking place throughout the country. Early this morning, the Revolutionary Armed Forces of Colombia [FARC] decided to commemorate the 31st anniversary of the Marquetalia battles by undertaking several attacks and setting up several roadblocks.

During these operations, two police agents were murdered a few hours ago in Guayabetal, a Cundinamarca community located one hour from Santa Fe de Bogota.

Clashes are currently taking place at this time along a stretch of the Santa Fe de Bogota-Villavicencio highway, where nearly 150 guerrillas members of the FARC 31st and 53d Front arrived at the community of Guayabetal sometime near 0300.

[Begin recording] [Commander Walter, leader of the 31st FARC Front] We decided to set up the roadblocks in order to commemorate the 31st anniversary of the FARC, as well as for public opinion to take more notice of us, and for the people not to continue saying that we are mere ghosts. [end recording]

During the offensive, the highway patrol arrived at the checkpoints, and it was at this time when the first clash broke out, which ended with the death of two police agents.

[Begin recording] [Commander Rumana, leader of the 53rd FARC Front] We respect the rights of all individuals. Evidence of this lies in the fact that we currently have five highway police agents under our control. We recently decided that we would release them, so we will free them sometime near 0700 or 0800. [end recording]

The other four police officers who were also part of the same patrol were released after having been under guerrilla control for more than four hours.

[Begin unidentified policeman recording] The significant thing is that they decide to respect one's life. Right? This is important, since we all have families. We are not at war. We are simply responsible for patrolling the highways, and we go where there are roadblocks, mud slides, and ... [end recording]

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The FARC dismantled the roadblock at 0700, but warned that would continue with its anniversary operations throughout the country during the next eight days.

The population of Silvania, located one hour from Santa Fe de Bogota, was also taken over by guerrillas early this morning.

The guerrillas harangued the population and attacked the police station, which was able to withstand the assault until reinforcements arrived.

The municipal office and police station of the community of Silvania were the main objectives of at least 20 FARC guerrillas who attempted to take over the community early this morning.

[Begin recording] [Reporter] Are you aware if there are any police or civilian casualties?

[Silvania Government Secretary Edilberto Barrera] No, fortunately, thank God, the police units and the civilian population did not sustain any injuries, deaths, and neither were there any kidnappings. [end recording]

The attack lasted only 15 minutes and was repelled by 13 police officers who were at the station at the time of the attack. No arrests were made, but considerable property damage was caused.

An assessment of the counterguerrilla operations currently taking place was made by 13th Brigade Commander General Rafael Hernandez.

[Begin recording] [Unidentified reporter] General, at this time, what can you say about the public order situation in all jurisdictions under the responsibility of the 13th Brigade?

[Hernandez] Well, joint operations are currently being carried out together with the police. In addition to this the army has also been able to undertake operations on the road leading from (Choachi) to Guayabetal where the subversives were able to block vehicular access for several hours and distribute propaganda aimed at politicizing the population in the area. At any rate, measures were adopted, and at this time the highway leading to El Llano has been cleared. In addition to this, we have been able to neutralize several operations in the southwestern part of the country. [end recording]

Gelbard Visit Reportedly Ends in 'Deep Disagreement'

PA3105031095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 31 May 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Excerpt] The supposedly cordial relations — at least in the last few days — between the United States and Colombia seem to remain thorny. After it was learned that the visit by Robert Gelbard, assistant secretary of state for narcotics matters, was not so amiable, journalists were summoned to a joint news conference by Ambassador Frechette and Foreign Minister Pardo. Strangely, the news conferences were held separately, and neither of them wanted to answer questions from the media. Their attitudes indicated that there are big differences.

The handshake definitely did not convince anyone, and what was intended to show agreement between the United States and Colombia on the treatment of DEA and CIA agents accredited in Colombia as U.S. Embassy diplomats was seen as a deep disagreement.

On the one hand, Foreign Minister Pardo read a communique stating that Colombia is satisfied with the U.S. decision to limit the stay of its agents in Colombia to four years.

[Begin Pardo recording] The Foreign Ministry expresses its satisfaction with the policies the U.S. Government has adopted since Ambassador Myles Frechette's arrival in Bogota with regard to the following aspects:

A. Establishment of a maximum four-year period for the stay in our country of all U.S. personnel accredited as diplomats before the Colombian Government, including the agencies that participate in the struggle against drug trafficking. [end recording]

Separately, Ambassador Frechette told the press that his government does not accept conditions on the internal handling of its embassy in our country. [passage omitted]

Neither of the two diplomats explained to the media if there is truly an agreement to control these agents, who have been doing what they please in our territory without accounting for their actions, or, as Ambassador Frechette's attitude seems to show, if they will continue to move about Colombia as diplomats while performing intelligence tasks and reporting directly to their bosses in Washington. How do we interpret this handshake, as a gesture of friendship or as a mutual warning of what may come?

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Benefits of Unicameral Congress Questioned

95CA0241A Santa Fe de Bogota SEMANA in Spanish 16 May 95 pp 40-42

[Unatributed article; first paragraph is SEMANA introduction]

[FBIS Translated Text] No one is quite sure why Samper decided to shock everyone with his proposal for a unicameral Congress; but the fact is that it has not been well received.

It was a great shock. At a time when no one was talking about constitutional reforms, nor associating the country's problems with this issue, and when neither Ernesto Samper nor the Samperists had ever mentioned the topic, the president (like a magician taking a rabbit out of a hat) proposed a reform of the Congress and the establishment of a system with a single legislative chamber.

After the shock to Liberal congress members (and to Conservatives as well), the reactions were divided between those who overtly rejected the idea and those, such as the majority of Conservative Party members, who were in agreement on a reform of the Congress, provided that the other branches of public authority, beginning with the Executive Branch, also were reformed. All this is a result of the confusion triggered by the proposal which, as Conservative Senator Jaime Arias aptly remarked, "contains nothing good...nor bad either."

Upper and Lower Chambers

The discussion is nothing new. Even at the time of the Constituent Assembly, the issue had been debated, but the promoters of the unicameral system (among whom there were virtually no Liberals) failed to convince the public of the virtues of this idea. The origin of the bicameral parliament may be found in the reforms of the British political system that followed Cromwell's revolution during the 17th century. The nobles were on one side, and the bourgeoisie on the other: both desiring to have their own scenario for controlling the king's power. This gave rise to the House of Lords (or upper chamber), and the House of Commons (or lower chamber). And, although all this has changed greatly after three centuries, the fact is that something similar was devised by the leaders of the United States, who created a Congress with an upper chamber (the Senate) and a lower one (the House of Representatives). The idea was that the former would consist of a number of representatives from each state in the union, and the latter, of a number of representatives from the local districts throughout the country.

But neither of these precedents seems to have any connection with the current political debate in Colombia, where bicameralism has been the tradition. It is retained in the Constitution of 1991 with a few changes, such as the fact that the Senate is now elected by a national district, and the Chamber by departmental districts. The functions of both bodies are virtually the same: something that, at first, prompts one to think of an inefficient system, run with very lengthy procedures. It is there that, according to the defenders of the idea, the great benefit of a unicameral system would lie: It would shorten the legislative process, and give the Congress a far more rapid response capacity for legislating speedily on the national issues. If, for example, the country were to confront another urgent public order situation, such as the one that brought hundreds of criminals to the brink of release on two occasions (in 1992 and 1994), when some regulations issued under a state of emergency failed, the danger could be dealt with by a Congress with a rapid reaction such as the unicameral type.

However, if one does a little probing into Colombia's problems, it becomes readily apparent that all the preceding is nothing but theory. With the problems and image that the Colombian Congress has, the point does not seem to be so much a need for working faster, but rather something quite different: It is a question of what to do in order to check the goals that some congress members are constantly trying to put over on the country. As an ex-Conservative senator told SEMANA: "We must decide what we are seeking: whether we want this Congress, which we know, to produce more rules, or whether, on the contrary, we would be better off if it produced far fewer."

Even with the procedures currently forcing each law to go through two debates in each chamber, and, if there is no agreement between the upper and lower chamber, requiring conciliation and the procurement of another approval in each of the plenary sessions, over 100 laws are produced in Colombia every year: a veritable avalanche, which can barely be digested by the country.

This being the case, the real difficulty lies in how to prevent the attachment of "riders" in that legislative avalanche, as occurred last year with the so-called "narco-bill," which was held up—thanks to that very bicameralism. Had it not been for the existence of two chambers, the bill that would have left the legal definition of illicit amassment of wealth floored would be a law of the republic today. After its dual passage in the commission and in the Senate's plenary session, the public had time to react to what would occur, and the government managed to halt the bill at the doors of the Chamber of Representatives' plenary session. The fact is that one of the virtues of the bicameral system

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is that one body checks the other. This is something quite necessary at a time when the debate regarding the Congress is not focused on how much its work is delayed, but rather on how infiltrated it is with shady interests.

For all these reasons, the president's proposal did not evoke applause. In fact, the Congress, which had been working quickly at that time, in cooperation with the government, to deal with the Development Plan, resented Samper's firing such a torpedo at it, at the end of the week, without having consulted it. This soured the already marred relations between the Executive Branch and the Capitol considerably: something that became evident at the Liberal congress members' board meeting on Wednesday, at which there were several expressions of protest. Even one of the most long-standing Samperists, Carlos Espinosa Faciolince, accused the president of "raising a smokescreen" to divert attention from the country's real problems. Comments in the same vein were made by other congress members, such as Eduardo Pizano. There also were some who saw in the proposal another manifestation of the "syndrome of believing that the country's deepseated problems can be settled by issuing decrees and reforming laws," as the Conservative, Juan Camilo Restrepo, put it.

Others, however, such as Aurelio Iragorri, who was Senate president at the time of the Constituent Assembly, feel that the same specter is prowling as at the time of the repeal in 1991. The newspaper EL ESPECTADOR thinks that it sees another type of specter: that of the constitutional counterreform manipulated by the politicians. In its Friday editorial, the Canos' newspaper claimed that, with his proposal, President Samper was opening "a loophole" through which the counterreform that some old-guard politicians have dreamed of so long could be filtered.

And, although suddenly believing, like Iragorri, in a repeal of the Congress' mandate, or, like the Canos, in a gigantic counterreform, seems exaggerated at present, in the face of a proposal which, according to Government Minister Horacio Serpa, is merely "a topic for reflection," the fact is that it is somewhat irresponsible to go about seeking a new reform of the Constitution just four years after the Constituent Assembly, instead of finishing the development of the principles of 1991 and applying the present laws. Many believe them to be sufficient, even more than sufficient, to extricate the country from its predicament. All this should be examined by the committee of party representatives created by the president to analyze his idea. That committee will have to make a great effort to find a good solution for something that, in any case, began badly.

Roberto Gerlein, Conservative: "Minister, you have had experience in closing Congresses; now you have the executive power to do it again."

Piedad Cordoba, Liberal: "A critical examination must be made of the evils afflicting the Congress, but the proposal for a unicameral system is like looking for the fever in the sheets."

Alberto Santofimio, Liberal: "The single chamber is no panacea.... We should also revise the judicial system and the financial system; we should revise the structure of the monopolies, the Executive Branch, and the Congress." Jaime Arias, Conservative: "Colombia's problems cannot be solved with decrees and laws, and the real problem of the Congress is that it has become an organ subordinate to the Executive Branch."

Mario Uribe, Liberal: "I never imagined that President Samper and his Social Pact would return us to the reform of 1991.... If there is any institution that is not in a state of crisis, it is the Congress."

Jose Ramon Elias Nader, Liberal: "The unicameral system can be good, because it facilitates legislative procedures, which are too complicated at present. But the ideal would be for the two chambers to have different functions."

Fabio Valencia Cossio, Conservative: "We should not attach the country's crisis to a single institution. If we are going to reform, let us reform everything."

Luis Fernando Duque, Liberal: "It seems odd to us that President Samper should now want to reduce the size of the Congress that elected him and that has worked diligently with his government."

Pablo Victoria, Liberal: "Colombia's problem is neither the Congress nor the drug traffic, but rather President Samper, who has no moral authority for making this kind of proposal."

Tito Edmundo Rueda, Liberal: "I am not afraid of reform, but it does pain me that the president has taken up this issue without having consulted us."

Ecuador

Government Rejects Observers' Demilitarization Proposal

PA3005203595 Quito Voz de los Andes in Spanish 1700 GMT 30 May 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Government did not accept the proposal by the observers of the guarantor countries to demarcate the area that will

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be demilitarized in its common border with Peru and will file a counterproposal, Congress President Heinz Moeller has declared. According to the president of the parliament, the proposal by the Mission of Military Observers for Ecuador and Peru, MOMEP, includes territories in which there were no confrontations during the undeclared war from 26 January to 28 February.

We learned of the proposal by the observers regarding the area that will be demilitarized but do not agree with it. We approved an Ecuadoran counterproposal, which will be submitted through diplomatic channels, Moeller stated. The congress president is a member of the National Security Council. We do not agree with the proposal because it involves regions in which there were no confrontations, he added. He said that the detachments of Coangos and Soldado Pastor are not included in the proposals by the observers, but Base de Banderas is.

After Monday's meeting of the Ecuadoran Security Council, in which the MOMEP proposal to demarcate a demilitarized zone was analyzed, Moeller stated: The Foreign Ministry and the Armed Forces disagree with the proposal, and we endorse this disagreement. The congress president said that the National Security Council, chaired by President Sixto Duran-Ballen, has drafted a counterproposal to the demilitarization plan presented by the observers. He said the plan was presented by international military observers from Argentina, Brazil, Chile, and the United States, who are near the vicinity of the zone of conflict between Ecuador and Peru, but not from the guarantor countries.

Referring to Lima-datelined wire dispatches, regarding Peruvian President Alberto Fujimori terming the military observers' proposal as "equitable," Moeller said that is an unofficial report. He also said that we do not know if the armed forces of that country accepted the plan presented by the international oberservers. The National Security Council, which is composed of the president of the Republic, the foreign minister, and presidents of the congress, and the Supreme Court, plans to meet this coming Thursday to make a new assessment of the situation.

Ecuador and Peru both have been claiming an undelimited 78-km strip of land along their common Amazon border since 1942, when the Rio de Janeiro Protocol was signed establishing the limits between the two countries, with the endorsement of Argentina, Brazil, Chile, and the United States. Between 26 January and 28 February, Ecuadoran troops staged bloody clashes in that strip of territory, seeking to obtain the delimitation of that region. Up to now they have been observing the Itamaraty Foreign Ministry peace agreement, which was signed on 17 February.

Foreign Ministry Issues Demilitarization Counterproposal

PA3105013995 Paris AFP in Spanish 2350 GMT 30 May 95

[FBIS Translated Text] Quito, 30 May (AFP) — Ecuador today presented a counterproposal to the demilitarization recommendation made by the Rio de Janeiro Protocol guarantor countries through the Ecuador-Peru Multinational Observation Mission (MOMEP).

The Foreign Ministry issued a brief communique this evening from the government palace but did not explain how Ecuador's counterproposal differs from the MOMEP recommendation, even though the recommendation is part of the Itamaraty Peace Agreement, which resulted in a cease-fire with Peru at the end of February following a territorial dispute over an area in the Amazon jungle.

Moeller Optimistic Over Constitutional Reforms

95SM0338A Quito EL COMERCIO in Spanish 7 May 95 pp A1, A3

[Interview with Congress President Heinz Moeller by unidentified EL COMERCIO correspondent; place and date not given]

[FBIS Translated Text] A political consensus to approve the constitutional reforms is still viable. The president of Congress, Heinz Moeller, discusses what he is doing.

There is now a possibility that the majority of the blocs will accept the Social Security reform, one of the crucial points. The formula: to include the concept of solidarity in its operations.

He is at center stage. For plaudits, but also criticism. That could generate problems for him with his friends. But he knows how to deal with it. And he also takes a certain pleasure in this. That is why he is not unwilling to talk, to remain in the public arena.

Outside the Presidency of Congress office are his personal bodyguard and his confidential secretary, Gioconda. He is inside, in a sober environment, wearing a wool vest and tie. He starts to talk right away, still smiling, measuring his words, but without a pause. As if he knew them in advance.

[EL COMERCIO] Almost as soon as you resumed your duties, you talked about calling for a second referendum if the controversial issues are not resolved. Is that the result of an agreement with the Executive?

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[Moeller] It comes from a clear awareness of what the people expect from Congress and from the president. The popular mandate contained in the first referendum was partially carried out by the reforms. Now we need to continue, so I have announced my decision to call an Extraordinary Congress for 10 May.

This session will deal with constitutional issues, both the Executive's objections to the first reform package, and those which were not dealt with. I have also added a section about Congress handling international treaties, which may be dealt with only by the full Congress. Scheduling that session has had a beneficial effect, it has activated party leaders who will have to take responsibility for voting one way or the other.

[EL COMERCIO] For the first part of the reforms you met with bloc leaders to reach prior agreements, and then voted. Now this is being handled by the Constitutional Issues Committee. There is a lesser degree of representation, and the accords with the Executive will not be approved. Did the mechanism fail?

[Moeller] That view is actually harming the possibility of consensus. Agreements have already been reached in the committee, in which the majority and some minority factions are represented. But that did not reflect the political decision of the party leaders. They will have to decide how they are going to vote. In the last 72 hours some very positive advances have taken place.

For example, there is a Social Security bill that supports the principle of solidarity and creates a parallel (public and private) system. It has a chance of being accepted by the majority of the blocs.

[EL COMERCIO] With whom did you talk about the agreements?

[Moeller] With all the blocs. To tell the truth, I must say that the PRE [Ecuadoran Roldosist Party]—despite my former criticisms about its position—did express a desire to reach a consensus position. I am optimistic that the reforms may pass without needing a referendum.

[EL COMERCIO] You are the helping hand which the government needed to force the deputies to get to work?

[Moeller] After I sounded out the situation to learn where things stood, I acted to focus the search for consensus by setting a date for the [Extraordinary] Congress. Obviously, before that date, which is getting closer, they have to get in line. And the Executive's ability to retreat from extreme positions must be acknowledged.

[EL COMERCIO] Your acceptance of the possibility of a second referendum opens the door for parties to not vote for reforms that may be unpopular. Especially now, right before the election campaign.

[Moeller] With the exception of the MPD [Democratic People's Movement]—whose political strategy I respect—which is interested in having a referendum for the battle, I see a more open attitude in the other parties.

[EL COMERCIO] And if no consensus is reached?

[Moeller] If after all our efforts we can not interpret the people's will, I will ask the president to call for a referendum. Then it will be the people who will decide their future directly.

[EL COMERCIO] Is not forcing through the reforms a way of continuing to boost Moeller's popularity?

[Moeller] Popularity is subject to so many changing circumstances; it is relative.

[EL COMERCIO] But how does your popularity stand now?

[Moeller] I know from people who measure such things that it is good, but that is more intuitive than based on direct demonstrations.

[EL COMERCIO] How do you feel about that popularity?

[Moeller] I am fairly comfortable with it.

[EL COMERCIO] Your constant dialogue with all the deputies, your openness, your activism: are these signs that you will run for reelection to your post?

[Moeller] It is too early to talk about 10 August. Of course, time is short, I am not satisfied with my presidency, there are still things left to be done. I will say that I have received from some blocs—but not the Social Christians—invitation to consider reelection. That decision may be made after this Congress.

[EL COMERCIO] You are constantly getting closer to the government. At least that is how it appears now that you are supporting the position of the ministers of defense and foreign relations not to appear in Congress.

[Moeller] I am close to those who elected me. I have a popular mandate to carry out. And I am close to the law. In Congress people have gotten used to committee chairs calling ministers to testify. In the final instance, it is up to the ministers to decide.

The two ministers used a legal argument: Article 84 of the Legislative Operations Organic Law states that the president of Congress must set the date and time for ministerial appearances.

I am devoted to the law. If things were done incorrectly in the past, it is my obligation to correct them.

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As soon as I receive a request from a deputy I will act immediately. The rights of authority are also implicated in this. We agreed with Fabian Alarcon, chair of the Oversight Committee, that this is a healthy way to exercise control and oversight.

[EL COMERCIO] But no political decisions have been made. Will another Extraordinary Congress be convened later to do that?

[Moeller] That is not planned. As soon as any legislator officially makes such a request, after the appropriate procedures are completed, that will be done.

From a practical perspective, I do not foresee, unless some situation comes up, any political decisions before 10 August. Still, if circumstances warrant, I will convene a special session.

[EL COMERCIO] You are continuing with the same keynote of conflict. As a politician, how did the clash with Peru change things?

[Moeller] Everyone must continue to grow. Especially if he is open to experience. As president of the National Security Council I discovered the nation's true patriotism, and the humble man who died gave a new stimulus. I am a man of dialogue, a man who believes in the unity of the Ecuadoran people. The political parties are weapons for fighting, not ends in themselves. I have gained security, enabling me to act without calculations.

[EL COMERCIO] According to the political analysts, you are one of the people who have been launched by the conflict into the arena of possible presidential candidates. Has that caused a division in your party?

[Moeller] I support Jaime Nebot's candidacy. I would like to think that the merits of a party member may contribute to our common cause.

I have no obsessive ambition to achieve such a great honor as the presidency of the republic. It would cause me immense sorrow to use that conflict, a sad circumstance for all Ecuadorans and for our widows and orphans, for election purposes.

Military's Influence on Society Seen Increasing

95P20803

[FBIS Media Note] The armed border conflict with Peru seems to have "militarized" Ecuadoran daily life, reported Quito HOY of 4 May. According to the daily, the signs that the military is occupying a major place in the Ecuadoran people's consciousness are everywhere: the heightened fervor among youth to enter military service; the frequent ceremonies to honor the "heroes of Cenepa"; the hundreds of advertisements and posters celebrating the military; and the large number of books, brochures, and other publications about the war being disseminated throughout the country.

Other manifestations, observed by sociologist Lautaro Ojeda, of the "militarization of Ecuadoran mentality" were: the view that criticism of the military or military spending was tantamount to treason; talk of the need for "ironclad discipline"; the depiction of the soldier as the "ideal man"; and the conviction that only the military can lead Ecuador out of underdevelopment. The sociologist warned that this mentality encouraged military coups.

Elsie Monge, president of the Human Rights Ecumenical Commission, stated that "the war has served to strengthen the power of the military in all sectors,"—from the budget to petroleum royalties—and that her organization has been barred from being present at trials involving members of the military. The military is even encroaching upon areas that were exclusive to the civil domain, she continued, and explained that Ecuadoreans felt the need to find someone with the sufficient strength to confront the "authoritarian figure of Alberto Fujimori," and that the military filled this role.

Colonel Alberto Molina, chief of protocol and public relations in the Defense Ministry, told the 4 May issue of HOY that the Armed Forces had improved their image after the conflict with Peru and agreed that "it was true that the people were turning more toward the military." However, he stressed, the military's newly acquired "privileges" were conferred by the people in gratitude for services rendered, not only during the war, but previously, in the social arena. New projects underway included the creation of military schools in certain provinces, such as Loja, Riobamba, and Portoviejo, and the formation of a history department in the Army's polytechnical school. But the most important project, according to Molina, will be the installation of equipment along the border with Peru to make Ecuadoran radio available in that area and hopefully counteract the "distorted information" received from Peruvian televison and radio broadcasts.

Paraguay

Attorney General Recommends Extradition of Lebanese

PY2705031095 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 2350 GMT 26 May 95

[Names of Lebanese, Brazilian citizens below rendered phonetically]

[FBIS Translated Excerpt] The Attorney General's Office today recommended the extradition of five Lebanese

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citizens who were arrested in our capital city by the National Police and who are being detained at the Tacumbu prison. The attorney general also recommended the extradition of two Brazilian citizens. Their extradition was also requested by the Argentine justice system.

The individuals are being held in connection with the investigation into the storing of explosives and the attack on the AMIA [Argentine-Israeli Mutual Association] in Buenos Aires.

They must be extradited in accordance with legal dispositions and international treaties in effect, and following courtesy procedures among nations, the decision issued by Attorney General Anibal Cabrera Veron says.

The individuals whose extradition are recommended are: Mohamed Assan Alayan, Roberto Riveiro Ruiz, Johnny Moraes, Luis Alberto Nader, Valdirene Vieira — she accepted extradition, and is willing to go — Sergio Salem, and Fadil Abdul Karim Chekair. They were all included in the trial that is being handled by Judge Roberto Marquevich, of San Isidro, Buenos Aires Province. [passage omitted]

The dossier will now be returned to Judge Jose Emilio Jaluk, who has 10 days to issue a decision allowing or denying the individuals' extradition.

Judge Grants Extradition

PY2905173495 Buenos Aires TELAM in Spanish 1527 GMT 29 May 95

[Report by unidentified TELAM correspondent]

[FBIS Translated Text] Asuncion, 29 May (TELAM-SNI) — It has been officially reported that on 29 May, a Paraguayan judge granted the extradition of seven Lebanese citizens held in custody here. The detainees, who are to be extradited to Argentina, are allegedly implicated in terrorist attacks perpetrated in Buenos Aires.

Television Channel Interviews Lebanese Citizens

PY3005025795 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 2350 GMT 29 May 95

[From the "24 Hours" newscast; all individuals, with exception of anchorman and reporter, identified by on-screen captions]

[FBIS Translated Text] [Anchorman Benjamin Fernandez Bogado] The five Lebanese who are under arrest in Tacumbu Prison and who have been accused of carrying out terrorist actions in Argentina want to be tried in that country because they have no faith in Paraguayan justice.

[Begin recording] [Reporter Silvio Cuevas] The Lebanese, who have been in Tacumbu Prison since 29 January 1995, and who have been accused of participating in terrorist attacks in Argentina, do not wish to remain in Paraguay. And, despite the fact that their defense lawyer has appealed the sentence, the Lebanese want to be tried in Argentina.

In exclusive remarks for this channel, Johnny Moraes, Luis Alberto Nader, Sergio Rodrigo Salem, Roberto Ribeiro Ruiz, and Fadi Abdul Karim have stated that they have absolutely no faith in Paraguayan justice, and they want to be sent to the neighboring country to clear up events.

There is no justice here, only corruption, the foreigners stated.

[Johnny Moraes] They say we are terrorists. This is a ruse to sell newspapers. It seems they have nothing else to do. For them it is a business deal.

With any Lebanese, Muslims, or Brazilians — any foreigners — problems are discovered in order to kick them out of Paraguay. It seems that they did not want us to enter Paraguay. That is what is happening.

[Cuevas] What is your work here?

[Moraes] What?

[Cuevas] What kind of work did you do?

[Moraes] Always, any Lebanese or Brazilian here is always a shop owner.

[Luis Alberto Nader] Justice does not exist here. When the police nabbed us, when the police entered my house at 1330 [words indistinct] But afterward I was watching television, and the police entered my home. I could have escaped. I could have, but why should I escape if I am not to blame? I have no problems.

[Fadi Abdul Karim] They will not allow any more lawyers to defend us.

[Cuevas] Why?

[Karim] Because we want to resolve this in Argentina. If Argentina has asked for us, then we have to go now.

[Cuevas] You want to go to Argentina?

[Karim] We want to go to Argentina.

[Cuevas] You trust Argentine justice more than Paraguayan justice?

[Karim] Yes, of course. Here in Paraguay justice does not exist. I believe there is justice in Argentina.

[Cuevas] The Lebanese also made harsh accusations against members of the Police Intelligence Department:

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They are proper thieves. They took everything we had, they stressed.

Members of the Police Intelligence department stole $6,000 from you?

[Nader] $6,000 and a chain. I do not ask about the trousers; I came here with these clothes that I have on. Everyone has photographs from when I entered this prison. I entered this prison with these clothes, because they stole all my things.

[Cuevas] In order to hasten their extradition, the Lebanese must now give up the right to the appeal that has been submitted by lawyer Berro Lugo, who, according to events, did not even consult with his clients about the steps that were to be taken.

The Lebanese, incarcerated in Tacumbu Prison, insistently reiterated their absolute lack of confidence in Paraguayan justice, and stressed that they just want to be extradited to Argentina, to be tried for the terrorist actions in which they never participated. [end recording]

Lebanese Detainees' Attorney Withdraws Extradition Appeal

PY3005162295 Buenos Aires TELAM in Spanish 1343 GMT 30 May 95

[Report by unidentified TELAM correspondent]

[FBIS Translated Text] Asuncion, 30 May (TELAM-SNI) — A high-ranking judicial source reported on 30 May that the defense attorney for the seven Lebanese [as received] detainees who are thought to be implicated in terrorist attacks perpetrated in Buenos Aires has withdrawn the appeal against the extradition of his clients to Argentina, which was granted on 29 May.

On that same day attorney Pablo Berra Lugo had appealed Judge Jose Yaluk Zaldivar's ruling granting the extradition of his clients, but today Berra submitted another writ in which he withdrew this request.

Lebanese Detainees' Arrest, Case Detailed

PY3005163595 Buenos Aires LA PRENSA in Spanish 27 May 95 p 14

[Report by correspondents Alejandro Agostinelli and Juan Carlos Tizziani, including interview with Johny Moraes Baalbaky, Luis Alberto Nader, Mohamad Hassan Alayan, Fadi Abdul Karim Chekair, Roberto Ribeiro Ruiz, Sergio Salem, and Valdirene Viera Ferguglia at the Tacumbu prison in Asuncion; date not given — all Arabic names as published]

[FBIS Translated Text] The seven were arrested at a residence in Asuncion on 31 January 1995 on charges of drug trafficking. The group, comprised of three Lebanese and four Brazilian citizens — one of them a woman born in Curitiba — was later connected with cases of contraband in home appliances, and finally with arms trading. From the very beginning, however, the Israeli and U.S. intelligence services expressed suspicion that the Lebanese might be members of the Islamic organization Hizballah. In fact, the CIA and Mosad provided the initial information leading to their arrest, adding bluntly that the group could have been involved in the terrorist attacks that shook Argentina in March 1992 and July 1994.

The case was brought to the fore again this week as a result of a report disseminated by the newspaper MA'ARIV published in Jerusalem. The newspaper report, which was based on Israeli Foreign Ministry sources, disseminated information according to which the Argentine police had proof that "at least three of the Muslims under custody in Paraguay were allegedly responsible for the bomb attack against the Israeli Embassy in Buenos Aires" that killed 29 individuals and wounded 252.

Israeli Ambassador to Argentina Yitzhaq Aviran denied the report immediately. Interior Minister Carlos Corach also denied the report. On 26 May Deputy Foreign Minister Fernando Petrella denied the report as well. "We do not have any report assuring us that they are responsible," Petrella said.

How Everything Started

The Paraguayan police operation was spectacular. At first the group was made up of only four men and one woman. Later the police arrested two other Arabs who were not on the premises during the initial operation.

Police Superintendent Enrique Martinetti, chief of the National Police Intelligence Department, admitted that the Israeli Embassy in Paraguay was the source that made the arrests possible.

The first impression was not favorable to the Lebanese citizens, for they looked like terrorists even if they were not. They lived in a modern and comfortable house, but without furniture, and the telephone was dead. They had a suitcase with a combination lock that they refused to open, credit cards issued by European banks, and air tickets for a flight to Brussels the next day. To the investigators, the empty house and the disconnected telephone were "two typical characteristics of international terrorists."

They were charged with illegal possession of firearms (a 38 caliber long barrel revolver), illegal residence, violation of immigration laws, and drug possession and

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trafficking. Suspicions increased during the preliminary interrogation when group members contradicted each other about how or when they had known each other, and particularly what they were planning to do together.

The news had ample repercussions around the world. Then San Isidro Criminal Judge Roberto Marquevich asked his Paraguayan counterpart to keep the group under preventive detention pending a petition for their extradition. Marquevich is investigating the group's possible connection with a former Army Intelligence Service agent [Alejandro Suckdorf].

Paraguayan Judge Carlos Monges Lopez — who ordered the Lebanese detained, and then their preventive arrest — admitted his Argentine counterpart's request, but the decision was immediately challenged [on jurisdictional grounds] by defense lawyers. Marquevich's request was then delayed while the case went through five Paraguayan judges. No one, except for Monges, seemed interested in making the decision to extradite them to Argentina. Monges was separated from the case, and after long discussions the Supreme Court declared criminal Judge Jose Emilio Yalik competent to hear the case. His decision on the extradition petition is expected next week.

"It's All a Lie"

LA PRENSA talked with the Lebanese at the Tacumbu prison. They are Johny Moraes Baalbaky, 24, Luis Alberto Nader, 22, Mohamad Hassan Alayan, 41, Fadi Abdul Karim Chekair, 23, Roberto Ribeiro Ruiz, 22, Sergio Salem, 26, and Valdirene Viera, 23.

[LA PRENSA] You do not want to be extradited to Argentina. Why?

[Unidentified prisoner] It is all the same to us. We do not care whether we go or not. It is all the same to us, because we have nothing to do with the attack against the AMIA [Argentine-Israeli Mutual Association]. It is all a great lie.

[LA PRENSA] What do you have to say about the charges of terrorism levied against you?

[Unidentified prisoner] It is all a game. It seems that there are people who want to play with us. I think the reason is that there are people in Argentina who do not have anything to do, and make things up. They blame us for the attack simply to hide their incapacity.

[LA PRENSA] Have you ever visited Argentina?

[Unidentified prisoner] Never. I do not know Argentina. Is it nice there? What is there to see?

[LA PRENSA] What are you doing here, in jail?

[Unidentified prisoner] Nothing. We spend the entire day doing nothing. No one bothers us, and we do not bother anyone. We are very calm, waiting, expecting a decision as to whether or not we will go to Buenos Aires.

[LA PRENSA] What will you ask of Argentine justice if you are extradited?

[Unidentified prisoner] I would like them to definitively solve the problem. We are losing a lot of money because of the police. We are honest traders. We sell electronic products and we are here, in jail, thanks to the Argentine police. We are here in jail while they sleep and rest.

[LA PRENSA] Did you know that Mosad provided the information that led to your arrest?

[Unidentified prisoner] The only thing the Jewish people want is to hurt Arabs. All Arabs have a Jew behind them, trying to hurt them. Jews are always accusing working people of being terrorists. But they can never prove what they say. I would ask Mosad to show proof. I would ask the Argentine, U.S., and Israeli police to prove that we are what they say we are. We are going to fight for justice until death. We are not murderers.

[LA PRENSA] Do you hate Jewish people?

[Unidentified prisoner] No. I do not hate anyone in particular. I only want to be left alone to work. I hate anyone preventing me from working; I am not interested in race or religion.

Peru

Fujimori Announces Acceptance of Demilitarization Proposal

PY3005191495 Madrid EFE in Spanish
1842 GMT 30 May 95

[FBIS Translated Text] Lima, 30 May (EFE) — President Alberto Fujimori announced today that Peru has accepted the proposal for establishing a demilitarized zone in the Peruvian-Ecuadoran border. The proposal was submitted by the guarantor countries of the Rio de Janeiro protocol.

Speaking to the ANDINA news agency, Fujimori said that his administration "continues to support the proposal proposed by the Military Observers Mission (Momep) for Ecuador and Peru regarding the establishment of a demilitarized zone in the Upper Cenepa region."

Confirms Acceptance of Proposal

PY3005223295 Madrid EFE in Spanish
2048 GMT 30 May 95

[FBIS Translated Text] Lima, 30 May (EFE) — Peruvian President Alberto Fujimori today reported that

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Peru accepted the proposal for establishing a demilitarized area in the Amazon border region with Ecuador more than a week ago. The proposal was made by the guarantor countries of the Rio de Janeiro Protocol.

In the first official Peruvian announcement on the issue, Fujimori said that "Peru supports the proposal proposed by the Military Observers' Mission for Ecuador and Peru (Momep)."

Fujimori said that the National Defense Council approved Peru's response on 22 May and that it was immediately conveyed to the guarantor countries' coordinating office in Brasilia.

On 29 May, Ecuador announced its rejection of the Momep proposal because it believes it encompasses areas in which there were no confrontations during the undeclared war that Peru and Ecuador waged from 26 January to 28 February.

It was up to Ecuadoran Congress President Heinz Moeller to disclose the Ecuadoran position. He implied that Ecuador had been asked to evacuate the Banderas military watch post.

Moeller also maintained that if Ecuador was asked to do this, Peru should also be asked to abandon other detachments located from that Ecuadoran watch post. [sentence as received]

Stating that the guarantor countries and the parties in conflict had agreed not to disclose details about the guarantor countries' proposal, Fujimori did not go into detail about the actual proposal.

In a direct reference to [Ecuadoran Congress President] Heinz Moeller, Fujimori said: "I do not know, however, why Ecuador has not upheld this agreement."

Before the guarantor countries of the 1942 Rio de Janeiro Treaty — Argentina, Brazil, Chile, and the United States — had submitted their proposal, the Ecuadoran Government had already expressed its opposition to dislodging the military detachments near the region of conflict, the source of the Cenepa River.

It was in these watch posts, Banderas and Coangos, that Ecuador placed its heavy artillery to bombard Peruvian troops during the armed conflict. They are located on the hills of the Condor mountain range, approximately 3 km from the Cenepa River.

According to the Rio de Janeiro Protocol and the 1945 arbitration ruling, the Condor mountain range is the natural border that separates the two countries.

Ecuador maintains, however, that Banderas and Coangos are part of its territory because it rejects the validity of these international agreements and the borders that are established therein.

National Defense Council Approves Proposal

PY3005224995 Madrid EFE in Spanish
2128 GMT 30 May 95

[FBIS Translated Text] Lima, 30 (May) — The National Defense Council of Peru today confirmed its acceptance of the establishment of a demilitarized zone on the Peruvian-Ecuadoran border. The proposal was made by the guarantor countries of the 1942 Rio de Janeiro Protocol — Argentina, Brazil, Chile, and the United States.

In an official communique, the National Defense Council confirmed what President Alberto Fujimori had announced hours before. Fujimori said that "Peru's position is to accept the proposal" submitted by the guarantor countries.

The following is the text of the communique:

1. On 20 May, the Military Observers Mission (Momep) of the 1942 Rio de Janeiro Protocol guarantor countries conveyed to the Peruvian and Ecuadoran liaison officers a proposal recommending the establishment of a demilitarized region in compliance with what is established in Item No. 3 of the Itamaraty Peace Declaration. This proposal was included in a memorandum described as "secret" by Brazilian Army Division General Candido Vargas de Freire, Momep liaison officer.

2. On 22 May, the National Defense Council held a meeting to closely assess this proposal, and its content was accepted as being fair and acceptable to the greater interests of Peru.

3. In compliance with the agreed upon procedures, on 23 May, the Peruvian liaison officer informed the Momep liaison officer that the National Defense Council had accepted the proposal within the framework of our strict upholding of the 1942 Rio de Janeiro Protocol and the 1945 Diaz de Aguiar arbitration ruling.

[Signed] Peruvian Air Force (FAP) Lieutenant General Orlando Butron Horna, National Defense Council secretary

[Dated] Lima, 30 May 1995

Fujimori Links University Reorganization, National Security

PY3105004395 Madrid EFE in Spanish
1834 GMT 28 May 95

[FBIS Translated Text] Lima, 28 May (EFE) — Peruvian President Alberto Fujimori stated today that the

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government "will not take any step backward" with regard to the law for the reorganization of public universities. He added that this law was issued for reasons of national security because of terrorist infiltration.

Fujimori said that the promulgation of the law, which provides for the reorganization of the Universities of San Marcos and of Education, the latter commonly known as La Cantuta, was done hastily because of the car-bomb attack on Wednesday, 24 May, in the Lima district of Miraflores, which caused the death of four people and injured more than 30.

The president said that the law was issued and approved in Congress after the detection, by the National Intelligence Service (SIN), of Shining Path terrorist infiltration in both universities.

"The measure was adopted strictly for reasons of national security," Fujimori said in remarks to the press during a working visit to the southern department of Arequipa on Saturday, 27 May. The law, which reorganizes the universities of San Marcos and La Cantuta, and by which the entire staff of teachers and governing organizations of both universities are dismissed and replaced by reorganizing commissions, was rejected by the National Assembly of Rectors (ANR) on the grounds that it violates university autonomy.

The political opposition has also expressed its disagreement and rejected the law because its spokesmen feel that the implementation of the law is intended to ensure that the country's institutions are fully dominated by the government.

Several jurists have also stated that the law is unconstitutional.

Fujimori said that Shining Path began its activities with a few active members and the systematic imposition of small blows against several social groups and organizations, and it later became a threat to Peruvian society.

"If we disregard those small blows, we will surely run the risk of a new generalized subversive outbreak," the Peruvian president said.

He said that the car-bomb attack on the "Maria Angola" casino-hotel was the reason for accelerating the approval of the law in Congress, with the cooperation of the official majority in the legislative branch.

"This is not a game, and we are not willing to tolerate a repeat of the bloody history represented by Shining Path," Fujimori said.

He added that the reorganization of the Universities of San Marcos and of Education was intended to prevent a situation wherein, under the protection of "a misunderstood university autonomy," favorable circumstances would be created for infiltrated terrorists "to act with absolute freedom."

He added that the government task is to consolidate the pacification process, and for this reason, "we do not lower our gaurd nor can we leave anything unsolved." There has been intensive campaign activity in San Marcos and La Cantuta to attract followers for the Shining Path and Tupac Amaru Revolutionary Movement (MRTA) terrorist groups, which have been viewed as eradicated following the government intervention in both universities four years ago.

SIN sources have told the local press that they detected, in both schools, the presence of Shining Path cells that were planning a number of propaganda and campaign actions within the confines of the universities, and infiltration of unions and populated settlements.

They added that despite the presence of the security forces in both universities, Shining Path has never been fully eradicated, and that it has returned to conduct systematic actions.

It was also reported that the Federation of Peruvian Students (FEP) has condemned the government decision to reorganize the San Marcos and La Cantuta Universities, and has rejected the reasons given by the government to justify the measure.

The FEP has also called for a national university students march to protest the issuance of the law; this march is scheduled for 30 May.

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